Brought forward..... 294

9.) WEI CHOW (#11 Base) Unidentified Units

Type 97 SSF	3 (¼ squadron)	
Type 97 TB	6 (½ squadron)	
Type 96 HB	9 (¾ squadron)	
Type 95 SSP	9 (¾ squadron)	
	27.....	27

10.) HAINAN ISLAND

1.) Kiungchow (#7 Base) Unidentified Units

Type 97 SSF	12	
Type 97 TB	12	
Type 98 LB	12	
Type 96 HB	12	
	48.....	48

2.) Sanya (#9 Base) part of 14th Air Squad.

Type 97 SSF	24	
Type 98 LB	24	
Type 96 HB	60 (5 squadrons)	
	108.....	108

3.) Tankui (#10 Base) part of 15th Air Squad.

Type 96 HB	24.....	24

11.) BAKO, PESCADORES

Type 96 SSF	6 (½ squadron)	
Type 95 SSP	6 "	
Type 91 VP	4 "	
	16.....	16

12.) JALUIT

Type 95 SSP	12	
Type 97 VP	8	
	20.....	20

13.) PALAO

Type 97 VP	12 (1½ squadron)	12

GRAND TOTAL, AIRCRAFT OUTSIDE JAPAN, ALL TYPES 549

Prepared by

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N. N. I. 96—1940

7314-A A-1-0

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OFFICE OF CHIEF OF NAVAL OPERATIONS
NAVY DEPARTMENT

INTELLIGENCE REPORT

Serial No. 174
(Start new series each year, i. e. 1-40, 2-40)

Monograph Index Guide No. 603-300
(To correspond with SUBJECT given below. See O. N. I. Index Guide. Make separate report for each main title.)

From Naval Attache (Ship, fleet, unit, district, office, station, or person) at Tokyo Date 29 October, 1940

Reference (Directive, correspondence, previous related report, etc. if applicable)

Source Personal Observation (As official, personal observation, publications, press, conversation with—identify when practicable, etc.) Evaluation Reliable (As reliable, doubtful, unverified, etc.)

Subject Japan (Nation reported on) Cities & Towns (Main title as per index guide) - Coast Defenses (Subtitles) - Air Defenses (Make separate report for each title)

1 white paper for additional pages. Forward original and six copies. Officers preparing and those forwarding 15 copies of clippings, sketches, etc., when practical. If practicable, prepare sketches suitable for blueprinting

BRIEF.—(Here enter careful summary of report, containing substance succinctly stated; include important facts, names, places, dates, etc.)

DEFENSE OF TOKYO AGAINST AIR ATTACKS

There are about 300 3"-4" AA guns in Japan of which not more than 60 are available for the defence of Tokyo. Approximately 30 mobile searchlights are situated within the city limits. Several hundred small machine guns are mounted on roof tops. Balloon barrages have been experimented with lately.

Fire control system of AA guns is obsolete and guns and searchlights spotted singly.

The Army and Navy Air Stations within 50 miles of Tokyo together with types of planes alloted are listed herein.

Sea defenses consist of fishing boat "listening posts", naval patrols, and VP reconnaissance.

The present defense could not prevent air attacks on Tokyo.

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Nav.	Ord.	T. & D.	C. & R.	Eng.	S. & A.	M. & S.	Aviation	U. S. M. C.	C. in C. U. S. F.	Com. Bat. For.	Com. Sco. For.	C. in C. A. F.	Com. Sporon.	Com. Airon.	F. & T. U.
Attached at		Op.-16/11	Op.-12	Op.-13	Op.-14	Op.-20	Op.-21	Op.-22	Op.-23	Op.-30	Op.-32	State	Com-merce	Maritime Com.	
Civil Aero Auth												Return to Room No.			

U. S. GOVERNMENT PRINTING OFFICE 16—18408

Report No. 174
Japan
29 October 1940

600 - Cities and Towns
603 - Coast Defenses
300 - Air Defenses

DEFENSES OF TOKYO AGAINST AIR ATTACKS

The defenses of Tokyo against attacks from the air are comparatively weak and, according to military attachés, quite ineffective. They may be classified in three categories; namely, land, sea and air.

A. Land Defenses

The Japanese Army has a total of approximately three hundred AA guns of 3 or 4 inch caliber, in addition to numerous smaller Bofors and AA machine guns. Of this number however, not more than sixty (maximum estimate by Military Attaché) are in the vicinity of Tokyo, nor can more be spared from other sections of the nation without diminishing the minimum defense requirements of the Nagoya, Osaka and Moji-Shimonoseki areas.

The fire control system of these guns is obsolete and the method of stationing single guns, with accompanying searchlights, throughout the city is not conducive to accurate fire.

All the AA guns are mounted on trailers and are readily mobile.

Aircraft flying at altitudes of more than twelve thousand feet over the city could safely disregard the multitudinous haphazard bursts which have characterized Japanese AA defense as illustrated in the Shanghai area during 1937.

Mobile searchlight batteries numbering about thirty are also located in Tokyo. Some are 36 inch high intensity lights but the great majority are weaker and less effective. These lights are also stationed singly, generally adjoining the AA gun position. While watching the air defense drills held in Tokyo recently, the positions of these lights were spotted. Aircraft flying at less than five thousand feet, and at a very low speed, were picked up by the searchlights and held fairly well. Above that altitude and at higher speeds the lights were impotent.

AA machine guns are located on the rooftops of most tall buildings in the business districts, on schoolhouses and other vantage points throughout the city. These are manned by reservists, volunteers and Air Raid Defense workers. The most noticeable tendency of all Japanese defense guns is the continued firing at targets obviously far out of range of the weapon in use.

Reliable reports indicate that balloon barrages, similar to those in use around London, though on a much reduced scale, have been the subjects of experiments for the defense of industrial districts along the Tamagawa river. Four such balloons have been sighted.

Fixed fortifications in the fortified zones undoubtedly are well equipped with AA defenses.

B. Aircraft Defenses

Both Army and Navy fighting aircraft may be expected to aid in the defense of Tokyo against bombers. It is not intended to

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dismiss the opposition lightly but, in the opinion of the Naval Attaché, the Japanese fighting planes could not prevent a determined attack from being pressed home, and the losses of attacking bombers would be relatively light. At altitudes of fifteen thousand feet and above, the defending fighters would be seriously handicapped by lack of sufficient oxygen supply, and no amount of "spirit" will suffice to overcome physical instability.

Fighter patrols could not be maintained in the air at high altitudes day after day, awaiting an anticipated attack, and it is the opinion of foreign air attachés that defending fighters would take to the air only when attacking bombers have actually crossed the coastline. Since Tokyo is very near the coast, the bombers would be over their objectives and away before the fighters could attack. A surprise attack out of the dawn, or from a cloud-filled sky, has chances of great success with no losses to the attackers.

Army airfields within 50 miles of Tokyo are located at:

1.) Shimoshizu - Army Air School (Observation)

2.) Chosi (Aux)

3.) Tatchikawa - 5th Air Regiment (Pursuit - Observation)

4.) Tokorozawa - Army Air School (Observation)

5.) Kumagaya - Army Air School (NCO training)

Navy fields within fifty miles of Tokyo, and the types of aircraft normally stationed there are:

KASUMIGAURA - TRAINING LAND AND SEAPLANES.

KISARUZU - HEAVY BOMBER SQUADRONS

TATEYAMA - LAND AND SEAPLANE BOMBER, OBSERVATION

YOKOSUKA - FIGHTERS, TORPEDO PLANES

TOMIOKA - FOUR ENGINED PATROL PLANES

C. Sea Defenses

1.) Fishing vessels, radio equipped, as "listening posts".

2.) Submarine and surface naval patrols.

3.) Overseas reconnaissance flights by four engine VP.

From an examination of many factors, including the routes flown by Japanese overseas aircraft, it is not believed that VP aircraft will venture more than five hundred miles from shore unless some island landmark is available for checking navigation.

Nor would the Japanese expect the initiative to be taken by our VP squadrons in an attack on the Japanese mainland, since their knowledge of the distances from fixed bases may lead them to decry any possible attempt. Yet, operating from an advanced tender (s) outside the five hundred mile radius from Japan, our aircraft could easily do tremendous damage to material and morale in attacking Japanese cities such as Tokyo.

Prepared by:

Forwarded by:

N. N. I. 96—1940

(7925 I (K ... 2)

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INTELLIGENCE REPORT

Serial No. 176
(Start new series each year, i. e. 1-40, 2-40)

Monograph Index Guide No. 201-200
(To correspond with SUBJECT given below. See O. N. I. Index Guide. Make separate report for each main title.)

From Naval Attaché (Ship, fleet, unit, district, office, station, or person) at Tokyo Date 29 October, 1940.

Reference (Directive, correspondence, previous related report, etc. if applicable)

Source Personal observation (As official, personal observation, publications, press, conversation with—identify when practicable, etc.) Evaluation Reliable (As reliable, doubtful, unverified, etc.)

Subject Japan (Nation reported on) Navy - Organization - Fleets (Main title as per index guide) (Subtitles) (Make separate report for each title)

BRIEF.—(Here enter careful summary of report, containing substance succinctly stated; include important facts, names, places, dates, etc.)

[redacted]

FLEET ORGANIZATION

The Combined Fleet was inspected by the Emperor on 11 October 1940. The organization of the Fleet as given in this report is believed to be reliable.

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OSD letter, May 3, 1972
By RT, NARS Date MAY 21 1973

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Nav.	Ord.	Y. & D.	C. & R.	Eng.	S. & A.	M. & S.	Aero.	U. S. M. C.	C. in C. U. S. A. ✓	Com. Bat. For.	Com. Sca. For.	C. in C. A. F.	Com. Sperm.	Com. Atrom.	F. A. T. U.
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U. S. GOVERNMENT PRINTING OFFICE 16—15488

Report No. 176
Japan
29 October 1940

900 - Navy
901 - Organization
200 - Fleets

[redacted]

FLEET ORGANIZATION

The following units of the Combined Fleet were present at the Fleet Review 11 October 1940 in Tokyo Bay. While all of the Fleet was not there, it appears that the organization outlined in this office Report 61-40 and CinCAF Report 772-25 is still in effect. It is believed that the organization is as follows:

NAGATO - Fleet Flag

First Fleet

NAGATO - Flagship

Batdiv 1

NAGATO - Flag
MUTSU
YAMASHIRO

Batdiv 3

KONGO
HARUNA
ISE

Batdiv 5

HIYEI (Flag)
KIRISHIMA (to join in Dec ?)

Airon 1

AKAGI (Flag)

Desdiv ?

Desron 1

KINU (Flag)

Desdiv 2

YUDACHI
MURASAME
SAMIDARE
HARUSAME

Desdiv 11

FUBUKI (Flag)
SHIRAYUKI
HATSUYUKI
AYANAMI

Desdiv 24

KAWAKAZE (Flag)
SUZUKAZE
SASANAMI
URANAMI

Subron 1 (?)

(not present at review)

Second Fleet

MAYA - Flag

Crudiv 4

(not present except TAKAO)

Crudiv 5

KUMANO - Flag
MIKUMA
SUZUYA

Crudiv 6

CHIKUMA (Flag)
TONE
MOGAMI

Crudiv 7 (not present)

AOBA
KINUGASA

Crudiv 8 (?)

FURUTAKA
KAKO

Airon 2

SORYU (Flag)
HIRYU
MIZUNO

Desdiv ?

OKIKAZE
MINEKAZE
YAKAZE

Desron 2

NAKA (Flag)

Desdiv ?

KAGERO
OSHIO
ASASHIO
ARASHIO

Desdiv ?

MICHISHIO
ARARE
KASUMI
SHIRANUI

Desdiv ?

KUROSHIO
YUKIKAZE
HATSUKAZE

Subron 2

ISUZU (Flag)
TAIGEI Tender

Subdiv ?

I - 7
I - 8

Subdiv ?

I - 53
I - 55

Subdiv ?

I - 66
I - 68
(note I-67 sunk 29 August 1940)

Subdiv ?

I - 71
I - 74
I - 75

Attached to Combined Fleet

CHŌGEI (Submarine Tender)
JINGEI (" ")
KATSURIKI (Mine layer)
KONABASHI (Submarine Tender)
AKASHI (Repair ship)
MAMIYA (Supply ship)
HAYATOMO (Tanker)
SHIRIYA (Tanker)
SOYA (?)
CHOKO MARU (Repair ship)
KINRYU MARU (Supply ship)

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N. N. I. 90—1940

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NAVY DEPARTMENT

INTELLIGENCE REPORT

Serial No. 180
(Start new series each year, i. e. 1-40, 2-40)

Monograph Index Guide No. 100-105
(To correspond with SUBJECT given below. See O. N. I. Index Guide. Make separate report for each main title.)

From Naval Attache (Ship, fleet, unit, district, office, station, or person) at Tokyo Date 30 October, 19 40

Reference (Directive, correspondence, previous related report, etc. if applicable)

Source Publication (As official, personal observation, publications, press, conversation with—identify when practicable, etc.) Evaluation Reliable (As reliable, doubtful, unverified, etc.)

Subject Japan (Nation reported on) Political - Spheres of influence (Main title as per index guide) (Subtitles) (Make separate report for each title)

Basis.—(Here enter careful summary of report, containing substance succinctly stated; include important facts, names, places, dates, etc.)

JAPANESE ECONOMIC ACTIVITIES IN THE SOUTH SEAS AREA

Japanese investments in the South Seas area (Philippines, East Indies, Thailand, British Malaya, etc.), are estimated to be ¥250,000,000. This report is a brief of Japanese enterprises in those regions as recently outlined by Mr. Soji Okada in the "Asahi Weekly".

Japan's "Southward Advance Policy" which is already well underway is designed to increase Japan's holdings in this area.

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Nav.	Ord.	T. & D.	C. & R.	Eng.	S. & A.	M. & S.	Aero.	U. S. M. C.	C. in C. U.S.	Com. Bel. Far.	Com. Sou. Far.	C. in C. A. F.	Com. Sparon.	Com. Atron.	F. A. T. U.
Attached at		Op.-10(1)	Op.-12	Op.-13	Op.-14	Op.-20	Op.-21	Op.-22	Op.-23	Op.-30	Op.-31	Stat.	Com. marks	Maritime Com.
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U. S. GOVERNMENT PRINTING OFFICE 19—15492

Report No. 180
Japan
30 October 1940

100 - Political
105 - Spheres of Influence

JAPANESE ECONOMIC ACTIVITIES IN THE SOUTH SEAS AREA

Japan's Southward Advance Policy is making rapid strides, and in typical Japanese fashion is being accomplished by a combination of military economic steps designed to obtain holdings and then to consolidate them. At the moment, Japan is carrying on conversations with the French in Indo China and the Dutch in the East Indies to obtain essential materials in order to minimize the effects of further American-British economic pressure. For all practical purposes the Japanese can be said to control French Indo China economically and strategically. The Dutch are proving harder to win over, but since they cannot be sure of United States support and Great Britain is now unable to give more than nominal assistance, Japan will no doubt in the very near future obtain important economic concessions from Batavia.

That Japan is preparing to consolidate and defend her newly won gains, is shown by the fact that air bases have been or are being established in Tongking, Cambodia, and the Spratley Islands and permission to use the naval bases in Hanoi and Kamranh Bay are being obtained from the French. It is only a question of a few months before the Japanese will be within easy striking distance of Malaya, Borneo, and Java.

Japanese investments in the South Sea area already amount to the considerable sum of ¥250,000,000. These consist of interest in various mines, plantations, and lumber and fishing enterprises. The following is an outline of the most important Japanese interests as published in an article in the "Asahi Weekly" written by Soji Okada, one of Japan's well known economists.

Petroleum: The production of petroleum in the Dutch East Indies is so completely monopolized by European and American capital that Japanese interests have almost no share in its development. However, the Borneo Petroleum Company, an affiliate of the Mitsui Bussan Kaisha, and the Nippon Petroleum Company have been prospecting for oil on the eastern coast of Dutch Borneo for the past ten years without success thus far.

Tin: Two tin mines in British Malaya, owned by the Ishihara Industry and Navigation Company, are not being operated at the present time. The Mitsubishi Mining Company and the Nanyo Kogyo Kaisha, however, are each operating a tin mine in Thailand.

Iron: Japanese capital enjoys a monopolistic position in the production of iron in the South Seas inasmuch as the Western Powers are not much interested in the exploitation of iron deposits so remote from them. The most important source of iron ore supply in this region to Japan's iron and steel industry is British Malaya where the Ishihara Industry and Navigation Co., the Nippon Mining Co., the South Seas Iron Mining Co., and the Iizuka Iron Mining Co., have several mines in Johor, Tringanu, and other provinces.

The Ishihara Industry and Navigation Co. also operates an iron mine in Surigao, Mindanao, while the Nippon Mining Co. has been exploiting a wolfranite mine on Palawan since 1937.

Other sources of supply include mines in French Indo-China and New Caledonia which are being operated with Japanese capital.

The Nippon Mining Co. has an iron mine concession in Dampier Land on the northwestern coast of Australia but due to a strict ban by that government on ore exports in July 1938, no ore shipments have as yet been received in Japan from the mine.

Nickel: The Taiyo Mining Company is engaged in nickel mining in French New Caledonia and is reportedly making efforts to buy a nickel mine in Celebes.

Bauxite: The Ishihara Industry and Navigation Company and the Nissha Shokai each have a bauxite mine in Jehor.

Gold and Silver: The Trade Mining Company is exploiting a gold and silver mine on Cebu Island, Philippines.

Mica: Japanese interests are operating one mica mine in Celebes.

Copper: The Ishihara Industry and Navigation Company has a copper mine concession in Sourakarta Province, Java, but it is not being operated at the present time.

Rubber: The first Japanese rubber plantation was started in 1902 in British Malaya and since that time there has been a steady growth. In 1934, as a result of an investigation made by the Overseas Ministry, it was determined that there were 36 Japanese rubber plantation firms and 178 Japanese-owned private farms with a total leased area of 514,000 acres (of which 122,000 was actually planted) and an aggregate crude rubber output of about 20,000 tons. Most of the Japanese leased plantations are in Malaya, Sumatra, Java, and Borneo and those owned by corporations account for about 90 per cent of both leased acreage and output.

The leading corporations with their locations of their holdings are as follows:

South Seas Rubber Co.	Sumatra and Malaya
Showa Rubber Co.	" " "
Tropical Industrial Co.	" " "
Nissan Agriculture and Forestry	British Borneo
Sumatra Colonization	Sumatra
Borneo Rubber Co.	Sumatra and Borneo
Sango Konsu, Ltd.	Malaya
Nissha Shokai	Sarawak
Nomura East Indies Development	Dutch Borneo and Sumatra
Malaya Rubber Co.	Malaya
Nangoku Sangyo Co.	Java

Hemp: The production of hemp by Japanese at Davao, Philippines was started in 1907. At the present time, Japanese hemp plantations in that region are on a minor scale with the exception of the Ohta Kogyo and the Furukawa Colonization Company which have large interests. In addition to Philippine hemp, the Nissan Agriculture and Forestry Company has transplanted hemp to British Borneo and is now meeting with success in its production.

Other crops cultivated by large Japanese firms in territories owned by the United States, Great Britain, Netherlands, and Portugal (Timor), include coconuts, sugar, tea,

coffee, cotton, jute, and quinine.

Forestry: The major Japanese companies which have large forestry concessions include the South Seas Forestry Company in Dutch Borneo, the Nissan Agriculture and Forestry Company in British Borneo, the Philippine Timber Export Company and the Nippon Kogyo in the Philippines. Japanese companies annually fell large quantities of dammar, lauan and other timber.

Fishing: Most of the Japanese-managed fisheries in the South Seas are of minor scale but two large companies, the Borneo Fishery Company and the Taisho Konshu, Ltd., have extensive interests in Malaya, Celebes and the Philippines. Natural pearl fishing in the Arafura Sea is monopolized by the Nippon Pearl Company while the Mitsubishi Buton Pearl Company is engaged in pearl culture on Buton Island, off the southern coast of Celebes.

Naval Attaché

I. I. 96—1940

C-10-i, 11399-0

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OFFICE OF CHIEF OF NAVAL OPERATIONS
NAVY DEPARTMENT

INTELLIGENCE REPORT

Serial No. 181 (Start new series each year, i. e. 1-40, 2-40)

Monograph Index Guide No. 100-102 (To correspond with SUBJECT given below. See O. N. I. Index Guide. Make separate report for each main title.)

From Naval Attache (Ship, fleet, unit, district, office, station, or person) at Tokyo Date 31 October, 1940

Reference (Directive, correspondence, previous related report, etc. if applicable)

Source Official Publications, Personal observation (As official, personal observation, publications, press, conversation with—identify when practicable, etc.) Evaluation Reliable (As reliable, doubtful, unverified, etc.)

Subject Japan (Nation reported on) Political - Policy (Main title as per index guide) (Subtitles) (Make separate report for each title)

Basic.—(Here enter careful summary of report, containing substance succinctly stated; include important facts, names, places, dates, etc.)

THE NEW ORDER - OFFICIAL EXPLANATIONS OF JAPAN'S DOMESTIC AND FOREIGN POLICIES

The official explanations of the much used phrase, "New Order" are unsatisfactory. In international affairs, the "New Order" means "Asia for the Japanese". In domestic affairs it refers to efforts to set up a totalitarian state with Japanese modifications.

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Nav.	Ord.	T. & D. / C. & R. / Eng. / S. & A. / M. & S. / Aero. / U. S. M. C. / C. in C. U. S. / Com. Bat. For. / Com. Sub. For. / C. in C. A. F. / Com. Sperm. / Com. Aero. / F. A. T. U.								
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Report No. 181
Japan
31 October, 1940

100 - Political
102 - Policy

THE NEW ORDER - OFFICIAL EXPLANATIONS OF JAPAN'S DOMESTIC AND FOREIGN POLICIES

The phrase, "New Order" as used by the Japanese was originally intended to refer to East Asia, and was the term used in Japan to describe the expected subjugation of China. During the thres years which have passed since this operation began, the use of the phrase has been extended and since Japan joined the Berlin/Rome Axis, the "New Order" now refers to domestic policy, to Japan's plans to control Asia, and to Japan's hope to assist Germany and Italy in establishing control of Europe, Africa and possibly the world. Thus, this term "New Order" which is used so frequently, is an exceedingly vague description of Japanese foreign and domestic policies. No clear explanation, free from political verbiage has ever been given. Instead, the term has been enveloped with vague generalities, while its scope has been systematically extended. As has been outlined, at first, it was applied only to East Asia and concerned itself with "co-existence and co-prosperity" among the strictly oriental trinity - Japan, Manchukuo, and China. Opinion abroad had no sooner adjusted itself to these generalities, when it suddenly developed at the time of the Nazi invasion of the Netherlands, that this vague formula was to include a new equally vague area within its scope - the South Seas region. From that, it was soon interpreted as embracing all of Asia. And now, with the conclusion of the triple alliance, the New Order has become a world-wide affair, presumably having been merged with the New Order sponsored by Nazi Germany.

Japanese spokesmen have often attempted to define the New Order on the basis of opposition to the status quo. This, however, can by no means define the issues involved, nor can it be accepted as an explanation of the New Order. In cases where the much-abused status quo works to Japan's benefit, she is in favor of it. For example, Japan insists on its maintenance with respect to the Soviet fishery agreements. She has expressed concern over a possible change in the status quo of the Dutch East Indies, and is today criticising American embargoes as a violation of this principle

A well known retired Japanese Naval officer, Rear Admiral Gumpei Sekine, describes the new order as "what has come into existence in opposition to the old order. The object of the new order is to establish a system of racial existence that does not exploit others and will not be exploited by others." He says that as a practical method to attain this object in a given region, there can be no better way than industrializing the area and then strengthening the racial consciousness of all kindred peoples in the vast regions adjoining it, thus making possible the formation of a self-supplying cooperative body of nations, which will enter into economic intercourse with other similar racial groups on the barter system. If such an order can be brought about, all phenomena centered in self-interest will disappear. According to Rear Admiral Sekine, Japan has been proceeding for years - unconsciously though it was - along the big road leading to the construction of a new order in East Asia. The industrialization of Japan was the first stage. The second stage was the establishment of an economic bloc with Manchuria. If now, China will "cooperate" with Japan whole-heartedly, the aims centered in the construction of a New East Asia will be accomplished.

According to the official explanation given by the Cabinet Information Bureau, "The unit within the New Order consists of a sphere of existence. The movement is not that of the former territorial aggression, but the lofty spirit of mutual existence and prosperity. Historically, geographically, and economically speaking, Japan naturally becomes the leader of the Greater East Asia Sphere. This sphere comprises Japan, Manchuria, China and areas in a southerly direction.

"The present Chinese Incident is not necessarily the beginning of a new world order, but it has provided a good foundation for a beginning. At the outbreak of hostilities in China, it was thought that the situation could be handled locally, but the affair has taken on immense proportions. It is not an engagement fought by soldiers alone, but a major war requiring the total strength of the country. To cope with this situation, our established politics, economy, and whole national structure are useless." It is obvious that either the Cabinet Information Bureau is unable properly to define the "New Order" for the Japanese people since they themselves do not know what it means, or that they are afraid to give a complete explanation of what they propose to try to do because of the possibility that the people will not support the plans.

As regards the Domestic New Order, a new internal structure has been decided upon. It is described by the Cabinet Information Bureau as follows:

"The new structure is an organization within the country to unite the people into a single unit for the purpose of forming a new World Order in obedience to the Imperial wishes. To accomplish this purpose, political parties have already been abolished, various organizations are combining and retail merchants are uniting into logical combinations. This is hoped to secure a minimum standard of living for everybody, abolish capitalists and insure Japan's position as the leader of the New East Asia, as well as the locomotive force in the establishment of a new totalitarian world in place of the present liberal ideas. The new structure extends to every walk of life and reaches into the inntermost parts of one's home-life. Nothing in variance with the spirit of the times can be tolerated. Extravagance, comforts and questionable pastimes are to be abolished. Motion pictures and radio programs are to be more closely supervised for the purpose of promoting the basic ideas of this new structure".

Previously, Japanese were brought up under a more liberal system, which assumed that one's work and living was his own individual concern. Under the New Order, this will be changed. The lives of all Japanese subjects are now the charge of the Emperor (or his advisors) - their wealth likewise. They must move in the spirit of nationalism in their various occupations. Then everybody becomes a public worker and there is no distinction between officials and civilians. Material benefits are to be minimized, and in their place public service is to be substituted.

Public health is an indispensable necessity and will receive much attention. Especially, will the village recreation centers be reconstructed with this view in mind. Sports which tend to build up the national physique will be encouraged.

Bright colored clothing is to disappear gradually and in its place sober garments are to be adopted. Foreign residents have in some cases already been requested to cease wearing gaudy clothing. Amusement centers are being strictly supervised and early closing hours have been ordered. Expensive food can no longer be served. No longer can people go out strolling after dark, for fear that they are out for amusement purposes and such conduct is not in keeping with the new order. Private automobiles may not visit restaurants or theatres for this is a display of luxury. Jewelry has ceased to be used for the same reason. Jewelry dealers have had their shops closed by the authorities and dealers in art objects are allowed to sell to foreign residents only. There is a movement to discard overcoats this winter and already many of the citizens are going bare-footed.

Although religious freedom has been officially guaranteed to both the Christian and Buddhist religions, all religious bodies will be under strict government control. The form that this control will take can be realized when it is recalled that the score or more of Christian denominations active in the Japanese Empire expect shortly to be ordered to unite into one group.

Premier Konoe, the Prime Minister, in discussing the New Order, speaks of 100.000,000 bodies with one mind. He means that Japanese subjects will serve the State in their respective capacities and abandon all individualistic attitudes. Certain destructive measures are expected to take place, but always the supreme purpose - the establishment of a strong system, able to withstand the demands of the present age - will be borne in mind, according to the Premier.

The following is a translation from an official Cabinet Information Bureau publication:

"The New Structure was first considered by Prince Konoe, before he became Premier a few months ago. Since then, his plans have been considered by scholars throughout the country. Therefore, it is not the idea of an individual body, but rather a national demand. This demand has been brought about by a world changing from British, American and French liberalism to that of a totalitarian system.

"The organization is termed the Showa Restoration and is comparable to the former Meiji Restoration. The Meiji Restoration, it will be recalled, united the country into a single unit and prevented the territorial designs of England, America, Russia and France."

"As a result of the first World War, Germany, which displayed superior fighting ability, received a humiliating defeat at the Versailles Peace Conference. Japan and Italy, who were on the winning side, likewise received the same treatment as Germany at the hands of the three dominating liberal States of England, America and France. However, Germany was not to be kept down, and now Japan and Italy in conjunction with that country, have set about to rebuild this present day chaos.

"Premier Konoe has taken the lead in the new structure, and his plan is making substantial progress. The first step was the assembling of the Preparations Committee on the 28th of August. Members of the Committee were from all districts. The Committee drew up an organization for the movement on September 6th. The work of the Preparations Committee has now been completed, and the movement has entered a concrete stage.

"Under the new system, decision by majority has been abolished, and instead the Prime Minister and the Government will make the final decision.

"There are three general principles for the movement, namely:

"(1) Based on the spirit of co-operation, it is hoped to establish a new order in East Asia, and furthermore, to found a New World Order.

"(2) A complete national defense system will be established by government reform, and through the display of full national strength.

"(3) To carry out the above plan, all Japanese subjects work together in their particular sphere and mutually co-operate.

"The new organization will be divided into functional as well as the district classifications. The former is further sub-divided into the economic and cultural branches. These two main classifications must not conflict, but rather become the warp and the woof of one grand structural design."

"The Imperial Assistance Association as arranged by the Preparations Committee is the propelling force for the new movement. The Organization consists of:

The PRESIDENT - becomes the director of the movement, and is the Premier. Upon a change of Premier, the President of the Assembly must likewise change. This may result in the weakening of the strength of the movement, but this is unadvoidable, because the Premier is in the confidence of the Emperor and is best qualified in all aspects to head the movement.

COUNCILLORS - elected from the representatives of the Government and the various districts. These men assist the President.

GENERAL AFFAIRS - (some are permanent members) These members examine and investigate important matters of the general assembly and assist the President.

THE CO-OPERATING ASSEMBLY - this is an organ for the advancement of the organization. Half of the members are recommended from the districts, and half are appointed by the Premier.

"The movement will not alter the authority of the Diet. Diet members will become a part of the organization. While the Diet is in session, organizations of Diet members will be formed for liason purposes between the new movement and the various branches of the Government.

"The Army as well as the Navy, will contribute positive and wholehearted support, and will work spiritually to assist the new structure. Of course, other than the key positions, men in active service cannot take part directly in the new organization as this would not be in keeping with the fundamental principles of the services.

"Every section of the country is to be organized into sub-divisions under the main consulting body, and the make-up of these sections will be similar in all respects to the central consultation body. The officials are to be appointed by the Premier..

"The Diet will be reorganized by adapting present-day demands to the spirit of the constitution. Parliamentary law will be revised. The reform of the House of Peers and the election laws for the House of Commons are now under discussion.

"Various organizations such as the Women's League and the Boy Scouts will be reorganized as demanded by the times. Especially will men of learning and experience be invited to take part in the new structure.

"There are those who fear this movement will take on the aspects of German Nazi-ism or Italian Facism, but that is not true. Such a structure is not permissible in Japan where all persons are bound together under the Emperor. With a single party, the State and the Party become one and the same thing. The powerful position of the party is everlasting and the head of the party becomes the permanent power holder. In Japan, all persons alike are charged with the duty of aiding the Imperial Rule and no one person or single party can be permitted to monopolize this assistance to the Imperial Rule.

"Formerly, there was no relation between government and culture in Japan. The government had practically no desire to understand, assist, or guide culture - there was just the lawful procedure which had to be carried out. The culture of a New Japan is to be established. This will naturally become the new culture of East Asia.

"All former liberalism must be eliminated, otherwise it will result in imperfections of the new system, poisoning the nation and hindering the program of the State. Japan is playing the important role of holding the key to the change of world history. Pressure and hindrances on the part of England and America are expected, but these must be overcome and a New World Order established."

* * * * * *

Thus, the purpose of the new state structure is to reorganize the country so as to try to increase national efficiency. Increased efficiency is required because Japan is in a perilous position - internationally and domestically. To this end the total strength of the country is to be mobilized, re-arranged, adjusted and intensified. The program calls for sweeping changes over an extensive field of national endeavor. It will involve changes in relationship between the civil administration and the military command, re-organization of the civil service for higher efficiency, and adjustment of national life on a "rational" basis. In effect, the new structure movement is designed to usher in a new era of national efficiency and spiritual unity. Whether the desired results will be obtained cannot be estimated at this time, as only two months have elapsed since the ideas of the leaders of the movement began to take concrete form.

21347-C (2-10-K)

Report No. 189
Japan
7 November 1940

100 - Political
102 - Policy

GREATER EAST ASIA ECONOMIC POLICY

A TEN YEAR PLAN

The Japanese Cabinet has made public the main lines of the plans for the economic-political construction of Japan, Manchukuo and China into an economic bloc. The following is the official statement in regard to these plans:

"In order to attain Japan's mission of promoting the permanent peace of the world by establishing a new order in East Asia, the reform of the national structure and the organization of the sphere of living on an extended scale must be pushed forward collectively and conjointly. Accordingly, Japan's fundamental economic policy must be framed with the following three objectives for attainment by stages:

"1. - Reorganization of the national economy.

"2. - Organization of the Japan-Manchoukuo-Chinese economy on a firm basis.

"3. - Organization of the East Asian sphere of common prosperity."

The fundamental policies to be followed to attain the above objectives are:

"1. - The objective of the establishment of the Japan-Manchoukuo-Chinese economy is to establish within the next ten years a state of self-sufficiency economy among these three countries, at the same time expediting the creation of the East Asian sphere of common prosperity, so that the position of East Asia in the world economy may be strengthened.

"2. - Japan's guiding spirit in establishing the Japan-Manchoukuo-Chinese economy is to promote the common existence and prosperity and the general welfare of the three countries through their close co-operation, in consonance with the lofty principle of 'hakko ichiu'.

"3. - In order to expedite the establishment of the Japan-Manchoukuo-Chinese economy, Japan will invigorate the national spirit, effect reforms in all branches of administration and increase the national resources, while aiding the economic construction of Manchoukuo and China. To this end, she will try to develop science and technical skill and help forward various industries.

"4. - Japan expects Manchoukuo, which is inseparably related to Japan, to adjust and develop its important key industries speedily.

"5. - Japan expects China to develop its natural resources and rehabilitate its economy with the co-operation of Japan and Manchoukuo. It is particularly desired that China will direct special attention to the development of the means of transport and communication, to the provision of better facilities for the exchange of goods, and to the exploitation of natural resources so as to contribute to the establishment of the East Asian sphere of common prosperity.

"6. - In order to accelerate the adjustment of collective economic construction plans covering Japan,

Manchoukuo and China, the necessary measures will be taken speedily.

"Japan's guiding policy in establishing the Greater East Asian sphere of common prosperity with the creation of a new world order in view has entered on a new stage through the conclusion of the tripartite pact among Germany, Italy and herself. In order to meet the new situation, the Government has fixed the outlines of Japan-Manchoukuo-Chinese economic construction, forming part of the fundamental economic policy, at a recent Cabinet meeting, and future policy is to be shaped and carried out along these lines.

"The object of this policy is to compass the vigorous development of the Greater East Asian sphere of common prosperity, which is to be founded on the collective advance of Japanese, Manchoukuoan and Chinese economy in conformity with the conception of a new economic order. The world economy based on free trade, which aims at the free exchange of goods between nations is crumbling before our eyes together with the old order. Japan's economy must be free from the old structure dependent on the old order so that it may be reorganized on a new basis. By this reorganization, Japanese economy must be made higher, wider and stronger, thereby elevating the standard of living for all East Asian peoples and enabling them to have their proper place. To make it higher means to give higher productivity to the national vitality; to make it wider means to extend the sphere of mutual economic dependence among Japan, Manchoukuo and China to Greater East Asia so as to establish a strong sphere of mutual prosperity covering Greater East Asia; and to make it stronger, means to establish the national economy so firmly by reducing the degree of dependence on outside Powers to the minimum that it can stand the strain of any situation that may arise. In order to make the Japanese economy higher, wider and stronger in this way, the entire resources of the nation must be put together and while overcoming at home all hardships attendant on reforms by dint of a strong national will, all kinds of pressure and menace from other Powers must be resisted stoutly, so that the new East Asian economic order in which Japan exercises the directive influence may be completed within the next ten years. Under this new order only can all East Asian countries including Manchoukuo and China achieve a brilliant economic development.

"In view of the fact that Japan, Manchoukuo and China are the main factors in the East Asian sphere of common prosperity, they have the duty of regulating their economic relations in close collaboration. From this point of view, the Government has fixed the fundamental measures to be taken in the field of industry, labour, finance, trade and communications of the three countries.

"In the realm of industry the physical conditions of these countries and the stages of their economic development must be taken into careful consideration, if they are to work as a true organic body. In Japan, it is necessary to secure the rapid development of precision industry of a high degree as well as the machinery industry, besides helping forward vigorously key industries such as the heavy, the chemical and mining industries. In Manchoukuo, the mining and the electric industries

must be promoted. Japan will also give Manchoukuo the necessary help in developing heavy and the chemical industries. In China, mining and the salt manufacturing must be pushed forward and the mass production of industrial materials must be encouraged. There is also room for the development of heavy and the chemical industries in that country, and these must be helped forward. Further, it is considered necessary to encourage light industry in the continent. Light industry in Japan - the fabric industry and miscellaneous industry especially - must be reduced gradually and be transferred to the continent.

"With regard to Japanese agriculture, various system governing land must be reformed and the methods of agricultural management be improved so as to stabilize and improve agricultural life and ensure an adequate supply of the staple foodstuffs. It is also proposed that the country should maintain the farming population on an adequate level.

"Regarding Manchoukuoan agriculture, in view of the fact that Manchoukuo is an important source of supply of foodstuffs and fodder for the three countries and is also the supplier of agricultural products of special kinds to the world, Japan expects that country to increase agricultural production considerably. For the agricultural development of Manchoukuo, Japan will encourage the settlement of Japanese farmers there.

"As regards Chinese agriculture, while endeavouring to ensure the production of staple foodstuffs for the Chinese people, it is considered necessary to increase the production of raw cotton and other special products.

"In order to secure a high position in the world economy, the labour and technical skill of the nation are of special importance, and from this point of view the structure of labour and technical skill in this country must be fundamentally revised. Similarly, if the East Asian sphere of common prosperity is to maintain a high position in world economy, it is important that steps should be taken to see that the labour resources of each country or in each region are so utilized as to contribute to the progress of the whole.

"In Japan, the new structure will be applied to labour and technical skill, labourers will be trained physically and mentally, scientific education will be promoted, labour productivity will be increased and experts and mechanics will be trained. Japan will also give the necessary aid to the economic construction of Manchoukuo and China.

"Manchoukuo and China will be supplied with able experts and technicians necessary for their industrial development and economic revival, but at the same time these countries must also endeavour to train good technicians themselves.

"While admitting labourers from North China for settlement in the country, Manchoukuo must also endeavour to increase the supply of labour in its own country. It is

particularly necessary for Manchoukuo to reform measures for the control of labourers in the mining industry.

"On finance, trade and communications also, the outlines of the plans laid down have been made public."

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OFFICE OF CHIEF OF NAVAL OPERATIONS
NAVY DEPARTMENT

C

INTELLIGENCE REPORT

Serial No. 18
(Start new series each year, i. e. 1-40, 2-40)

Monograph Index Guide No. 603-300
(To correspond with SUBJECT given below. See O. N. I. Index Guide. Make separate report for each main title.)

From Naval Attache (Ship, fleet, unit, district, office, station, or person) at Tokyo Date 5 February, 1941

Reference (Directive, correspondence, previous related report, etc. if applicable)

Source Press (As official, personal observation, publications, press, conversation with—identify when practicable, etc.) Evaluation Reliable (As reliable, doubtful, unverified, etc.)

Subject Japan (Nation reported on) Cities & Towns - Coast Defenses - Air Defenses (Main title as per index guide) (Subtitles) (Make separate report for each title)

Basic.—(Here enter careful summary of report, containing substance succinctly stated; include important facts, names, places, dates, etc.)

EMERGENCY MEASURES FOR AIR DEFENSE

Aware of the imminent danger of air raids, and the total lack of a proper air defense, the Cabinet met on 10 January, 1941 to discuss measures of defense.

Aside from vaguely worded "measures" adopted by the Cabinet, nothing concrete or of value was decided.

Tests and investigations concerning inflammable cities of the Home Office engineers (included herein) were given publicity.

The authorities, from the Prime Minister down to the common people, are scared to death of air raids and know that Japan is totally unprepared with AA defenses.

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Nav.	Ord.	T. & D.	C. & E.	Eng.	S. & A.	M. & S.	Adm.	U. S. M. C.	C. in C. U. S.	Com. Bat. For.	Com. Sca. For.	C. in C. A. F.	Com. Sparon.	Com. Airon.	F. A. T. U.
Attached at		Op.-16/11	Op.-12	Op.-13	Op.-14	Op.-20	Op.-21	Op.-22	Op.-23	Op.-30	Op.-31	State	Com. marc	Maritime Com.
Civil Aero Auth.												Return to Room No.		

U. S. GOVERNMENT PRINTING OFFICE 16—18402

Report No. 18
Japan
5 February 1941

600 - Cities and Towns
603 - Coast Defenses
300 - Air Defenses

EMERGENCY MEASURES FOR AIR DEFENSE

Appreciating the vital need of improving air defense facilities in Japan, the Cabinet in a meeting on 10 January, 1941 determined to take emergency measures to remedy deficiencies.

The War Minister remarked:

"The development of aviation has completely changed the traditional form of warfare. Nippon is no longer immune from the danger of invasion. We must take urgent measures to defend our air against enemy planes.

"No matter how superior the defending air force is, the possibility cannot be forestalled that enemy aircraft will invade after dodging the air cordon. Although our air defense facilities have made rapid developments in connection with the China Emergency, we must be prepared for the danger of incessant air raids in time of emergency.

"The government must, therefore, provide sufficient funds and materials for the plan introduced in today's Cabinet meeting.

"The measures adopted at the Cabinet meeting were:

"1) The government's organs to direct the people on the matter of air defense and also to convey air alarms among them, will be strengthened. While the function of the Air-Defence Association will be expanded, air defense schools and air defense training stations will be established in each prefecture. Air defense will be taught at the people's schools, young men's schools, and educational institutes above higher schools.

" Urgent measures to insure the safety of the Tokyo-Yokohama and Osaka-Kobe areas will be taken.

"2) To regulate city planning in accordance with the requirements relative to air defense. The construction of plazas, wide streets and permanent shelters will be promoted.

"3) To perfect the system of supply of foodstuffs in emergency, the construction of warehouses will be promoted.

"4) To strengthen fire brigades and air defense medical corps."

The Home Office, in approving the plans, has decided to expedite providing fire prevention equipment such as reservoir tanks, fire extinguishers and hose. Home Office authorities intend to complete these arrangements in from three to five years.

Of interest and to the point, are the results of investigations and tests by the Home Office:

". . . . The majority of Japanese houses are made of wood and paper, or to be more explicit the first and second floor are filled with firewood with paper inserted in between them. If a 5 kilo bomb is dropped, it is absolutely impossible to extinguish the fire unless five or more people begin pouring on water constantly within the first minute. If the fire is not got under control within the minute, then it will spread to the entire structure within the next five minutes, a fact which was proved beyond doubt by recent tests. In large cities in Japan, there is practically no space between the houses with the result that a blaze will quickly spread from house to house and eventually will cause a huge conflagration.

"Last October, when air defence drills were held in three selected districts of Tokyo, a densely housed district in mid-town, a residential district in the suburbs, and a business centre, the results were far from satisfactory. In the first district, it was found that because both husbands and wives were away working, only aged people and children were available to assist during the raid, and the officials reached the conclusion that the entire area would have been wiped out had the raid been a real one. In the second area, vacant lots and a number of trees proved a considerable help, but even here only 30 per cent of the district was theoretically saved from destruction. In the business centre, because of the fire-proof construction of buildings, only 50 per cent were destroyed, but in the last two mentioned cases, the people could not get the fires completely under control, and sparks from remaining flames could later cause the destruction of the entire districts.

"In the past air raid manoeuvres it was considered satisfactory when about twenty members of the Keibodan succeeded in putting out a single incendiary bomb, but it must be remembered that during actual aerial attacks, it is practically impossible to meet emergencies with success unless the existing wooden buildings are improved by the use of fire-proof materials. An entire structure need not be re-built, but to improve the exterior part of houses would help considerably, such as, for instance, replacing a wooden entrance, walls, fence, etc. with fire-proof materials. If sufficient improvements are made on the buildings, even in the worst cases, the spread of fire can be prevented at the sacrifice of only a few houses instead of reducing an entire city to total ruin. "

* * * * * *

In April, 1939, a branch of the Architectural Society commenced research on protective layers for buildings. Its finding, as revealed recently, is: "The average office building in Japan will prove practically immune to air raids if only it is reinforced with ferro-concrete one foot in thickness to be added on to its roof."

Despite the grandiose plans of Japanese authorities for air defense, their inflammable cities, poor fire fighting equipment and lack of both money and materials to alter the case will continue to be the gravest dangers to Japanese life and security. Deep within their hearts the people believe it impossible for "enemy" aircraft to reach the Japanese islands proper, propaganda and ever-victorious "Wild Eagles" of the armed services having reaped excellent and significant fruit.

Prepared by:

Forwarded by:

N. N. I. 90—1940

ISSUED BY THE INTELLIGENCE DIVISION
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13177-I
E-10-d

INTELLIGENCE REPORT

Serial No. 22
(Start new series each year, i. e. 1-40, 2-40)

Monograph Index Guide No. 409-300
(To correspond with SUBJECT given below. See O. N. I. Index Guide. Make separate report for each main title.)

From Naval Attaché (Ship, fleet, unit, district, office, station, or person) at Tokyo Date 7 February, 1941

Reference (Directives, correspondence, previous related report, etc. if applicable)

Source Press (As official, personal observation, publications, press, conversation with—identify when practicable, etc.) Evaluation Reliable (As reliable, doubtful, unverified, etc.)

Subject Japan (Nation reported on) (Main title as per index guide) (Subtitles) (Make separate report for each title)

Basic.—(Here enter careful summary of report, containing substance succinctly stated; include important facts, names, places, dates, etc.)

ARTIFICIAL OIL INDUSTRY IN JAPAN

List of artificial oil plants in operation and under construction.

Effort being made by Japanese government to increase petroleum production.

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Nav.	Ord.	T. & D.	C. & R.	Eng.	S. & A.	M. & S.	Aero.	U. S. M. C.	C. in C. U. S.	Com. Bat. For.	Com. Sea. For.	C. in C. A. F.	Com. Sparm.	Com. Airm.	F. A. T. U.
Attached at		Op.-10/11	Op.-12	Op.-13	Op.-14	Op.-20	Op.-21	Op.-22	Op.-23	Op.-30	Op.-31	State	Com-merce	Maritime Com.
Civil Aero Auth												Return to Room No.		

U. S. GOVERNMENT PRINTING OFFICE 10—18408

Report No. 22
Japan
7 February 1941

409 Manufactures
300 Refineries - oil

ARTIFICIAL OIL INDUSTRY IN JAPAN

In 1936 Japan and Manchoukuo adopted a joint seven year program for the development of the artificial oil industry with the ultimate object of producing one million tons each of gasoline and fuel oil annually. Since that year several associations and companies have been formed under government supervision to better coordinate the efforts of all concerned in the realization of the program. The Imperial Fuel Development Company, being one of these, was established on 19 January, 1938 with a capitalization of ¥100,000,000, one half of which was subscribed by the government and the other half by private interests. The company is authorized to issue debentures three times its authorized capital, so it can raise ¥400,000,000 for promoting the artificial oil industry.

In the following table which shows the artificial oil companies already established in Japan and Manchoukuo those marked by asterisks are the ones which have received help from the Imperial Fuel Development Company. Also shown in the table are the locations of the various plants, the authorized capital, the adopted process, and the scheduled date of completion of the plants.

Japan Proper:

Amagasaki Artificial Oil Company*: Amagasaki; ¥30,000,000; synthetic (Fischer process); February, 1943.

Ube Nitrogen Industry Company*: Ube; ¥7,500,000; coal carbonization (Coppers); in operation.

Ube Liquefaction Industry: Ube; ¥50,000,000; coal carbonization (Coppers) and tar hydrogenation; end of 1941.

Tokyo Gas Chemical Industry: Yokohama; ¥10,000,000; coal carbonization (Tokyo Gas process); in operation.

Toho Chemical Industry: Nagoya; ¥15,000,000; coal carbonization (Tokyo Gas process) and tar hydrogenation; January, 1941.

Nissan Liquid Fuel Company*: Wakamatsu; ¥10,000,000; coal carbonization (Lurgi) and tar hydrogenation; September, 1941.

Nippon Iron Manufacturing Company: Muroran; ¥1,400,000; coal carbonization (Nittetsu process); in operation.

Nippon Liquefaction Industry*: Kawasaki; ¥10,000,000; tar hydrogenation; in operation.

Hokkaido Artificial Oil Company: (3 plants) Tomomoye, Takikawa, and Kushiro; synthetic (Fischer process); June 1941.

Mitsui Mining Company: Omuta; ¥31,500,000; synthetic (Fischer process) in operation.

Saghalien:

Saghalien Artificial Oil Company*: Uchibuchi; ¥40,000,000; coal carbonization (Lurgi) and direct liquefaction (hydrogenation); February, 1942, for the former plant and December 1943 for the latter.

Saghalien (Cont'd):

Mitsubishi Coal Liquefaction Industry*: Uchihoro; ¥20,000,000; coal carbonization (Lurgi); in operation.

Korea:

Chosen Coal Industry*: Agochi; ¥45,000,000; coal carbonization (Lurgi) and direct liquefaction (hydrogenation); both plants in operation.

Chosen Nitrogen Fertilizer: Eian; ¥7,500,000; coal carbonization (Lurgi); in operation.

Manchoukuo:

Kirin Artificial Oil Company*: Kirin; ¥100,000,000; direct liquefaction (hydrogenation); end of 1941.

Manchuria Synthetic Fuel Company*: Chinhsien; ¥50,000,000; synthetic (Fischer process); March, 1941.

Manchuria Liquefaction Industry: Ssupingchieh; ¥20,000,000; coal carbonization; in operation.

South Manchuria Railway Company: Fushun; ¥14,000,000; direct liquefaction (hydrogenation); in operation.

Manchuria Coal Liquefaction Institute: Fengtien; ¥6,000,000; direct liquefaction (hydrogenation); early in 1941.

Nothing definite concerning the amount of production of the above companies is known but American oil men in Tokyo estimate it as extremely disappointing to the Japanese government. It is known, however, that due to lack of proper materials and expert technical assistance the scheduled completion date of some of the plants will not be met.

Aside from the development of the artificial oil industry the Japanese government is making strenuous efforts to increase domestic production by the development of all the oil resources within Japan's sphere of influence. Subsidies for prospecting operations in Japan proper were increased from ¥5,950,000 in 1939 to ¥8,600,000 in 1940; subsidies for Formosa from ¥1,740,000 in 1939 to ¥3,260,000 in 1940, while those for Saghalien rose from ¥130,000 to ¥160,000.

In spite of the increased effort which was made to extract oil in Saghalien in 1940, however, production actually decreased from previous years and the Japanese authorities are much worried over the situation. On the other hand they were very much encouraged in the Spring of 1940 when a successful oil well was drilled at the Fuhsin field in Jehol Province, Manchuria. This field is now being exploited and the Japanese hope it will eventually produce enough to lessen their oil problem.

N. I. 96—1940

FE

ISSUED BY THE INTELLIGENCE DIVISION
OFFICE OF CHIEF OF NAVAL OPERATIONS
NAVY DEPARTMENT

MAR 15 1941

INTELLIGENCE REPORT

Serial No. 27
(Start new series each year, i. e. 1-40, 2-40)

Monograph Index Guide No. 403-300
(To correspond with SUBJECT given below. See O. N. I. Index Guide. Make separate report for each main title.)

From Naval Attaché at Tokyo Date 14 February 1941
(Ship, fleet, unit, district, office, station, or person)

Reference
(Directive, correspondence, previous related report, etc. if applicable)

Source Various Evaluation Reliable
(Author, personal observation, publication, source, information only—identify) (Reliable, doubtful, unreliable, unevaluated, etc.)

Subject Japan Cities and Towns - Coast Defenses - Air Defenses
(Nation reported on) (Main title as per index guide) (Subtitles) (Make separate report for each title)

Basis.—(Here enter careful summary of report, containing substance succinctly stated; include important facts, names, places, dates, etc.)

ALPHABETICAL LIST OF AIRPORTS, LANDING FIELDS AND SEADROMES IN THE JAPANESE EMPIRE

This list of airfields and seadromes in the Japanese Empire (less China) has been verified and plotted on large scale aviation charts of Japan. Sources are British, Russian, Japanese and our own research.

Latitude and longitude of many fields and stations in the Monograph were as much as 3 degrees in error, and this report is an effort to make available up-to-date, and more complete, information.

Distribution by Offices: DNI(12); Comdr.Patwing Ten(3); CinCAF(1); Com 16 (1); LC/Peiping(1); ANA/Shanghai(1); M/A Tokyo(1); File (1).

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Nav.	Ord.	T. & D.	C. & R.	Eng.	S. & A.	M. & S.	Aeron. ✓	U. S. M. C. ✓	C. in C. S. F.	Comp. Bat. Fac.	Comp. Sea. Fac.	C. in C. A. F.	Com. Sparos.	Com. Airon.	F. A. T. U. ✓
Attached at		Op.-10/11 ✓	Op.-12 ✓	Op.-13	Op.-14	Op.-20	Op.-21	Op.-22	Op.-23	Op.-30	Op.-31	State	Com-merce	Maritime Com.
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U. S. GOVERNMENT PRINTING OFFICE 16—12402

Report No. 27
Japan
14 February 1941

600 - Cities and Towns
603 - Coast Defenses
300 - Air Defenses

ALPHABETICAL LIST OF AIRPORTS, LANDING FIELDS AND SEADROMES IN THE JAPANESE EMPIRE

Alphabetical list of Airports, Landing Fields and Seadromes in Japan Proper, the Hokkaido, Karafuto, Kuriles, Bonin Islands, Loochu Islands, Taiwan, Chosen and the Mandated Islands:

Name	Lat.	Long.	Type	Brief Description
AKENO GAHARA	34-32	136-41	Army	1500 x 900 yds.
AKESHI (HOKK)	43-01	144-52	Civil Emerg.	
AKITA	39-42	140-12	Glider Meteor	On levelled hilltop
ANJU	36-01	140-20	Navy(W)	(Seaplane operating (area with facilities
AOMORI	40-51	140-38	Civil	)Field 850 yds EW, 760)yds NS Snow covered in)winter
ASAHIGAWA (HOKK)	43-48	142-22	Army Emerg.	
BAKO (PESCADOR)	23-34	119-35	Navy L & W	(One ramp, field complete, (95 acres, strong AA (defense, 31 AA guns
BEPPU(HIGI)	33-22	131-31	Civil Emerg.	
BIWA, LAKE	35-0[illegible]-30	135-51-[illegible]	Navy (W	Hangar, ramp, fuel.
BORYO (TAI)	22-22	120-36	Civil Emerg.	
BONIN(See Chichijima and Hachijojima)				
CHICHIJIMA(BON)	27-05-30	142-12	Navy (W)	(Naval W/T north of (inner harbor, hangar, (ramp
CHINKAI(CHO)	35-09	128-40	Navy (W)	)Hangars, ramp.(Sea-)plane only)
CHINKAI (CHO)	35-09	128-43	Navy (L)	(Landing field 2 Mi. (E of naval air base (hangar, fuel. 600 x (500 yds.
CHITOSE (HOKK)	42-48	141-40	Navy (L)	)Large NAS, 1500 x 500)yds., 11 hangars
CHOOCHIIN (CHO)	36-36	127-18	Civil Emerg.	
CHOSHI	35-44	140-48	Army	(Important Army Base. (Grassy field 1000 x (700 yds., hangars
CHUETSU	37-20-30	138-48	Civil Emerg.	900 x 450 yds.
EIKOSHO (See Tainan #2)				
EINANSHO (See Tainan #1)				
ENIWETOK (Brown in Marshalls)				
FUKAKUSA	34-57	135-46	Civil Emerg.	50 acres.
FUKAYA	36-10	139-[illegible]	Army	
FUKUHIMA	34-35	133-53	Civil	(Completed 1940. Good (commercial field but (small
FUKUOKA	33-39	130-26	Civil(L&W)	)Hangars, runways,)ramp. W/T
FUKUYAMA	34-28	133-23	Civil Emerg.	
FURUMAKI	40-40	141-21	Civil Emerg.	
FUSAN (CHO)	35-10	129-01	Civil	Good field

Name	Lat.	Long.	Type	Brief Description
G.R.NBI (T.I)	21-56	120-50	Civil(L&W)	
GIRAN (T.I)	24-45	121-43	Civil	1400 yds x 600 yds
H.CHIJO(BON)	33-07	139-48	Navy Emerg.	(Small field, 100 yds. (x 400 yds. W/T
H.K.TA	33-41	130-24-30	Navy	Seaplane N.A.S. for VP.
HAMAMATSU	34-45	137-42	Army	)Field 1500x1000 yds.)4 double hangars.)Air Regt. Schools
HEIJO (CHO)	39-01-30	125-47	Army	Field 1200x800 yds.
HEITAKU(CHO)	36-58	127-05	Civil Emerg.	
HEITO (T.I)	22-41	120-27	Army	
HIMEJI	34-51	134-42	Civil Emerg.	
HIROSHIMA	34-24	132-30	Civil	Field 600x600 yds.
IKOMAYAMA	Near Osaka			
ITAZUKE	35-17	133-53	Army Emerg.	
ITSUKUSHIMA	34-18	132-19	Civil (W)	
IWAKUNI	34-09	132-14	Navy (L&W)	(N.A.S. for Seaplanes (and Landplanes, field (large well drained.
JALUIT(MARSH)	05-54	169-38-30	Navy (L&W)	
KAGAMIGAHARA	35-23	136-52	Army	3,000x1,000 yds.
KAGI (T.I)	23-31	120-27	Army	(Hangar 300'x100', (field square 1,000 yds. (surface good W/T
KAGOSHIMA	31-33	130-34	Civil	
KANAYA	34-45	138-13	Navy	Under construction
KANAZAWA	36-38	136-38	Civil	(3 runways 600 yds. (N-S,NW-SE,EW, 100 (acres,adjoins sea.
KANKO(CHO)	39-52	127-36	Civil	
KANOYA				
1.	31-22	130-50	Navy	
2.	31-23	130-53	Civil	
KARENKO (T.I)	24-01	121-37	Army-Civil	(120 acres, 2 hangars, (good surface, sea- (plane facilities W/T
KASHIMA	35-58	140-38	Army	Air Regt.station
KASUMIGAURA (See Tsuchiura)				
KATOSHO (T.I)	22-25	120-33	Army Emerg.	
KEELUNG(T.I)	25-08	121-45	Civil	
KEIJO (CHO)	37-32-30	126-55-30	Civil Emerg.	
KEIJO (CHO)	37-31-30	126-56	Army-Civil	750x750 yds.
KEIZANCHIN(CHO)	41-24	128-18	" "	(Hangars dug in hill- (side
KINOSAKI	35-37-30	134-50	Civil (W)	
KISARAZU	35-23-26	139-52-21	Navy	(Large Bomber N.A.S. (Runways, hangars, (etc., 1000x1000 yds.
KITA(MUKDEN N)	41-54	123-25	Army	)2190 yds. square;)Big Air School, 7)large hangars
KOCHI	33-31-30	133-32	Civil(L&W)	(300 acres, Land & (seaplane. 600x700 (yds.
KODAKAMURA	32-50	129-50	Civil(L)	)At Nagasaki, civilian)air training school
KOFU				
1.	35-37	138-31-30	Civil	
2.	35-41	138-33	Civil Emerg.	

Name	Lat.	Long.	Type	Brief Description
KOGO(TAINAN-TAI)	22-59	120-12	Army	
KOKUTAI (Shinchiku)	24-49	120-58	Army Emerg.	Underground hangar
KOMATSUJIMA	34-00	134-35	Civil Emerg.	
KORYU (CHO)	37-44	128-56	Civil Emerg.	
KOSHU (CHO)	36-26	127-06	Civil Emerg.	
KUMAGAYA	36-10	139-18	Army	1,900 yd runways
KUMAMOTO	32-50	130-44	Civil	(Comm. Ministry (and Civilian Air (School
KUMEJIMA	Loo Choo Islands			
KURE	34-13-30	132-36-30	Navy	(Land and seaplane (N...S. 600 yds (square
KUSAIE	04-16-30	162-00	Naval (L)	
KUSHIMOTO	33-27	135-45	Civil Emerg.	
KUSHIRO 1.	42-58	144-28	Navy (W)	
2.	42-58	144-23	Navy (W)	
KWANEI (CHO)	42-25-30	129-44	Army	
KYOTO (OSURA)	34-57-30	135-46	Civil-Army	(Air defense, flying (training, tests, (Industrial Mfg.Co. ((Italian)
MAIZURU	35-32	135-15	Navy (W)	)Seaplane N...S. on)Japan Sea.
MANCHOULI (Manchukuo)			Civil	Alt.2150ft.no hangers
MAUG	North Marianas Is.		Civil (EM)	(Long.145-13 Lat.20-01N)
MATSUE	35-28	133-04	Civil (W)	one ramp
MATSUMOTO	36-13	137-57	Civil Emerg.	
MERINBETSU	43-55	144-13	Civil Emerg.	
MIDAKO	22-46	120-12	Civil Emerg.	
MIE	35-01	138-31	Civil Emerg.	
MIKATAGAHARA	34-47	137-42	Army	2000 x 1500 yds.
MISHIMA	35-07	138-55	Civil Emerg.	
MITO	36-23	140-36	Army	2000 x 1400 yds.
MIYAKOJIMA	Loo Choo Islands		Navy Emerg.	
MIYACHI	32-57	133-08	Civil Emerg.	
MIYAKUNOJO	31-44	131-02-30	Navy Civil	(Field 760x330 yds., (one hangar
MOGAMI	38-51	140-16	Civil	)Field 700x500 yds)one hangar
NAGANO	36-39	138-12	Civil	Field 700x200 yds
NAGASAKI	32-45	129-53	Army-Navy	At Yohihaya
NAGOYA				
1. NAGOYA	35-04	136-52	Civil (I&W)	(Field 2200x900 yds., (3 hangars, ramp, (shallow water
2. OBATAGAHARA	35-12	136-55	Civil Emerg.	) Glider training
3. SETO	35-12	137-02	" "	)
4. KACHIKAWA	35-13	136-59	" "	
NAHA (LOOCHOO)	26-12	127-39	Civil "	(Field 950 E-W 1050 (N-S one hangar
NAIRO (KARA)	49-06	142-58	Civil Emerg.	
NARASHINO	35-42	140-00	Army	(Parade ground - big (Army flying school
NEMURO (HOKK)	43-20	145-36	Navy Emerg.	(Hangar, field snow (covered in winter. (1000 x 100 yds.
NIIGATA	37-57	139-08	Civil	)Field 1000x400 yds.)No hangar

Name	Lat.	Long.	Type	Brief Description
NIIHAMA	33-55	133-08	Civil	195 acre field
NOSHIRO	40-13-30	140-03-30	Civil	
OBANAWA	38-37	140-24	Civil-Emerg.	
OBIHIRO(HOKK)	42-55	143-15	Navy-Civil	
OGAMI(KAGU)	47-18	142-48	Civil-Emerg.	
OGINOSHIMA	46-39	142-47	Civil (W)	
OGINOSHIMA	35-38	139-22	Civil-Emerg.	
OHA	33-15	131-38	Navy	
OKAYAMA	34-40	133-55	Civil	(Field 600x500 yds. (300 acres
OKINAWA(TAI)	22-46	120-15	Navy(L&W)	7 large hangars
OMINATO	41-13-30	141-08	Navy(L&W)	(850x850 yds Field, (hangars, ramps
ONURA	32-56	129-56	Navy(L&W)	1200 yds. square
ONOJE	34-43	134-50	Army	Air Regt. Large plant.
ONO	34-57	136-51	Civil-Emerg.	
OSAKA				
1. KASUMITSU	34-47	135-25	Civil	(2 runways, 875x65 yds (NE-SW 760x65 N-S, 2 (hangars. Beacons, DF (station, W/T Night (lighted, modern drome.
2. TAMETSU	34-41	135-37	Civil	
3. KIZUGAWA	34-37	135-28	(Civil (Water)	(700 yds E-W, 400 yds (N-S, shallow water, (2 double bay hangars (2 cranes for sea- (planes.
4. SAKAI	34-34	135-28	Private (W)	) Seaplane flying school.) Land in Osaka bay) opposite hangars. Slip-) way moorings)
5. HANSHIN	34-36	135-35	Civil	(Large modern airport. (Part of air defense (plan.
OTAKE	34-13	132-15	Navy-Emerg.	200 x 600 yds.
OTSU	34-58	135-50	Civil	
OTSUKI	34-04	131-02	Civil	
OURA	34-24	130-58	Navy-Emerg.	
PALAU	07-21-30	134-26-40	Navy (W)	
PALAU	07-00	134-14-30	Navy (L)	
PAGAN(MARIANAS)	18-07	145-46-30	(Navy(L) (Emerg.	
PARAMUSHIRO (KU)	50-22-30	155-36	Navy(L&W)	(2 hangars, 2 ramps, (small field.
PONAPE(TAN)	06-58	158-13	Navy (W)	
QUELPART IS*	33-20	126-30	Navy	Field 3000x1000 yds.
RIKO(TAI)	22-45	120-28	Navy	(Underground hangar (under hill.
RIRI (CHO)	35-54	126-54	Civil-Emerg.	
ROKKO (TAI)	24-04	120-25	Civil	57 acres, no hangars
SABAE	35-54	136-11	Civil-Emerg.	
SABUSHIRO	40-43	141-25	Civil-Emerg.	
SADO IS.	38-00	138-20	Civil-Emerg.	
SAIJO	33-57	133-10	Civil-Emerg.	
SAKI	32-58	131-55	Navy(L&W)	1400x1000 yds
SAKAI	32-50	130-04	Civil	
SAIPAN	15-10	145-46	Navy(Water)	
SAISHU IS.	33-29	126-32	Navy-Emerg.	
SAPPORO(HOKK)	43-05	141-19	Civil	(980 E-W 870 N-S (3 hangars-heavy snow (in winter

(*(SAISHU-TO)

Name	Lat.	Long.	Type	Brief Description
SASEBO	33-08	129-44	Navy(I&W)	500x300 yds.
SEISHIN(CHO)	41-47-30	129-46	Army	
(SAYAMA)				
SENZAYAMA	35-48	139-22	Army	
SENDAI	38-15	140-55	Civil	(L shaped 820 yds (N-S, 750 yds E-W
SHIBANEURA	36-17	139-09	Civil-Emerg.	
SHIMONOSEKI	33-58	130-57	Army	
SHIMOSHIZU	35-39	140-09	Army	1000x600 yds.
SHIMUSHIRU (KU)	47-08	152-15	Navy(W)	Mooring buoys only.
SHINGISHU(CHO)	40-05	124-24	Army	(Ground flooded in (summer. 650 yds sq. (1 hangar(sandy)
SHIONOMISAKI	33-24	135-47	Civil-Emerg.	400 yds. square
SHIZUOKA	34-58	138-23	Civil	New field - good
SUSAKI (SHIKOKU)	33-23	133-17	Navy-Emerg.	
SUWA	36-03	138-07	Civil-Emerg.	
SUZUKA	34-52	136-25	Civil-Emerg.	
TACHIARAI	33-24	130-37	Army	4000 yds x 1200 (1500 yds square
TACHIKAWA	35-42	139-25	Army	(15 hangars
TAICHU(TAI)	24-10-30	120-40	Civil	1500x600 yds.
TAIHOKU(TAI)	25-04	121-33	Civil	(1000x800 yds, 3 hang- (ars, RDF, Search- (lights
TAIRUOKU(TAI) (TAHASHI)	25-01-30	121-27	Civil-Emerg.	
TAIKYU (CHO)	35-54	128-39-30	Civil	(1000 E-W,1 hangar (700 N-S
TAIKYU(CHO)	35-50-30	128-37	Civil-Emerg.	
TAINAN (TAI)				
1. EINANSHO	22-57	120-12	Civil	1100 x 800
2. EIKOSHO	23-02	120-15	Navy	(1200x800 yds., com- (pleted 1940
3. TAINAN	22-59	120-11-30	Civil-Emerg.	
TAITO(TAI)	22-47	121-08	Army-Civil	(Well camouflaged. (810 N-S, 600 E-W, (sandy loam.
TAKAMATSU	34-21	134-03	Civil(W)	
TAKAHAGI	35-53	139-23	Army	(Large new field, 2 (hangars
TAKAHAMA	33-52	132-42	Civil-Emerg.	
TAKAO(TAI) (HOZAN)	22-36	120-22	Civil	2 hangars
TAKASHI (TOYOHASHI)	34-45-30	137-24	Civil-Emerg.	
TAKATA	37-05	138-14	Civil-Emerg.	
TAKAYANOHARA	39-12	141-03	Army-Emerg.	
TANSUI	25-12	121-26	Navy	
TATEYAMA	34-59	139-50	Navy (I&W)	
TOKOROZAWA	35-48	139-29	Army	1500x2000 yds field
TOKUSHIMA	34-04	134-35	Civil-Emerg.	
TOKYO				
1. HANEDA	35-33	139-46	Civil	(800x700 yds. hangars (etc. 700 yds square, (4 hangars
2. SUSAKI	35-40	139-47	Civil	)On reclaimed land in)Tokyo Bay.
3. SUNAMACHI	35-39	139-50	Civil(I&W)	
4. MATSUDO	35-47	139-55	Civil	
5. CHOFU	35-39	139-29	Army	
6. URAWA	35-51	139-40	Civil-Emerg.	

Name	Lat.	Long.	Type	Brief Description
TOKYO (CONT'D)				
7. SHINOSAKI			Civil-Emerg.	
8. KARAGOE	35-51	139-36	Civil-Emerg.	
TOMIA	32-36	128-46	Navy	
TOMIOKA	35-22	139-38	Navy(W)	
TONINKA	32-24	131-38	Navy	
TONOBE	36-20	130-19	Navy	1000 yds. square
TOTTORI	35-29	134-15	Civil-Emerg.	
TOYAMA	36-45	137-11	Civil	750x270 yds.
TOYOHARA (KAR)	46-57-30	142-45	Civil-Emerg.	
TRUK	07-21	151-53	Navy(W)	
TSUCHIURA	(36-01	140-12	Navy(L)	(2,300 x 1,800 yds.
	(36-03	140-14	Navy(W)	(Largest N.A.S.
TSUKUBA	36-12	140-06	Navy-Emerg.	
TSURUGA	35-36	136-03	Civil	
UEDA	36-24	138-14	Civil	(No hangars. 600 NW-SE, (450 NE-SW, 1500' Alt.
URUSAN (CHO)	35-32-30	129-20	Army-Civil	)650x650 yds. one small)hangar. May be aban-)dones soon.
USA	33-34	131-25	Navy	
WAKKANAI (HOKK)	45-25	141-40	Navy-Emerg.	
YAP	09-31	138-10	Navy(L&W)	(one hanger, W/T ser- (vices
YATABE	36-02	140-05	Navy	3,000 yds. square
YAWATAHARA	37-56	140-05	Civil-Emerg.	
YOKKAICHI	35-05-30	136-12	Army	1500 x 1100 yds.
YOKOSUKA	35-18	139-38	Navy (L&W)	(1800 x1100 yds. 15 (hangars, shops.
YONAGO	35-26	133-20	Civil	)2000x1000 yds. 7 han-)gars. Big, new field.
YOTJE	09-28	170-14	Navy	(Oil storage tanks. (Land field only

O. N. I. 96—1940

ISSUED BY THE INTELLIGENCE DIVISION
OFFICE OF CHIEF OF NAVAL OPERATIONS
NAVY DEPARTMENT

7573-A
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INTELLIGENCE REPORT

Serial No. 32
(Start new series each year, i. e. 1-40, 2-40)

Monograph Index Guide No. 802-900
(To correspond with SUBJECT given below. See O. N. I. Index Guide. Make separate report for each main title.)

From Naval Attache (Ship, fleet, unit, district, office, station, or person) at Tokyo Date 26 February, 1941.

Reference (Directive, correspondence, previous related report, etc. if applicable)

Source Various (As official, personal observation, publications, press, conversation with—identify when practicable, etc.) Evaluation Reliable (As reliable, doubtful, unverified, etc.)

Subject Japan (Nation reported on) Coast Cities and Towns (Main title as per index guide) - Public works, -gas, light, power (Subtitles) (Make separate report for each title)

Basis.—(Here enter careful summary of report, containing substance succinctly stated; include important facts, names, places, dates, etc.)

MAIN STEAM, HYDROELECTRIC POWER STATIONS AND TRANSMISSION SYSTEMS OF JAPAN

Enclosures (to original only):

(a) Appendix I. Water and Steam Power Stations.

(b) Transmission systems.

(c) Connection diagrams.

(d) Substations.

(e) Large scale map, Tokyo-Yokohama area transmission lines.

(f) " " " Kyushu Island " " "

(g) " " " Nagoya area

(h) " " " Shimonoseki area

(i) Various folders, air photos of power plants, descriptions of installations, and small scale maps.

Nav.	Ord.	T. & D.	C. & R.	Eng.	S. & A.	M. & S.	Aero.	U. S. M. C.	C. in C. U. S.	Com. Bat. For.	Com. Sco. For.	C. in C. A. F.	Com. Sperm.	Com. Airwn.	M. I. D.	F. A. T. U.	H. O.
Attached at		Op.-10/11	Op.-12	Op.-13	Op.-14	Op.-20	Op.-21	Op.-22	Op.-23	Op.-24	Op.-25		Stato	Com. marine	Maritime Com.		
Civil Aero Auth.													Return to Room No.				

U. S. GOVERNMENT PRINTING OFFICE 10—15402

Report No. 32
Japan
26 February 1941

602 - Coast Cities and Towns
900 - Public works - gas, light, power

MAIN STEAM, HYDROELECTRIC POWER STATIONS AND TRANSMISSION SYSTEMS OF JAPAN

Japanese industry is almost entirely electrified and thereby dependent upon several easily damaged sources of power supply. Steam power stations are generally of large capacity, situated in or near large industrial districts and easily identified from the air. They suffer from poor quality coal, lack of coal, insufficient upkeep and repair, and general lack of proper attention. Hydroelectric plants are always situated on rivers, large or small, and, especially in Japan, depend largely on rainfall which, in the past few years at least, has been disappointingly small. Many stations are running at reduced capacity, others have had to suspend operations entirely. The mechanical deficiencies of steam plants apply equally well to hydroelectric stations. Materials for replacements and new construction are scarce and their distribution uncertain.

For more than two years there has been a 15 to 30 per cent reduction of power available for factories, and many industries have been hard hit. The munitions industry, most important of Japan's productive organs, has been forced to curtail its output. Restrictions in everyday life, such as prohibition of neon signs, electric refrigerators, heaters, powerful house lights and fixtures is too well known to emphasize. But, damage to one, or several, of the largest power plants is enough to tie up many millions of dollars worth of vital industry and, better still from our view, the damage could not be easily remedied.

The enclosed charts, maps, descriptions and views of the main power plants in various areas locate and definitely point to legitimate and highly important bombing objectives.

It has been observed that, in the country, pen stocks are carefully camouflaged with tree branches and vine creepers, but cannot be easily hidden. Bridges over streams in the vicinity are likewise camouflaged, but the effect leaves much to be desired. Transmission lines cut wide swaths through, and over, the forested countryside, while substations and distribution centers are difficult to hide.

Next to actual distruction of the important aircraft factories, the bombing of power stations and reservoir dams will produce the most marked effect in Japanese war materials production.

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ISSUED BY THE INTELLIGENCE DIVISION
OFFICE OF CHIEF OF NAVAL OPERATIONS
NAVY DEPARTMENT

INTELLIGENCE REPORT

APR 3 1941

Serial No. 36 (Start new series each year, i. e. 1-40, 2-40)

Monograph Index Guide No. 302-200 (To correspond with SUBJECT given below. See O. N. I. Index Guide. Make separate report for each main title.)

From Naval Attaché (Ship, fleet, unit, district, office, station, or person) at Tokyo Date 10 March, 1941

Reference (Directive, correspondence, previous related report, etc. if applicable)

Source Official (As official, personal observation, publications, press, conversation with—identity when practicable, etc.) Evaluation Reliable (As reliable, doubtful, unverified, etc.)

Subject Japan (Nation reported on) Finance (Main title as per index guide) - Budgets (Subtitles) - Navy (Make separate report for each title)

NAVAL INTELLIGENCE

Basic.—(Here enter careful summary of report, containing substance succinctly stated; include important facts, names, places, dates, etc.)

JAPANESE NAVAL BUDGETS - FISCAL YEAR 1941-42

The naval section of the budget as approved by the Diet for the fiscal year 1941-42 is contained in this report. As usual, few details of expenditures are given, and it is impossible to know how the Navy will spend the unusually large sums which have been appropriated. For example, ¥4,880,000,000 is appropriated for Extraordinary Military Expenses for both the Army and Navy. No details are given, and if the Navy's portion is only one quarter of this sum, it will receive amounts almost equal to the basic budget of ¥1,241,000,000.

However, the following trends in the basic budget should be noted:

a) Amounts appropriated for the pay of personnel have been increased 20%. As far as can be learned, the rate of pay has not been increased and the assumption is that naval personnel has been increased about 20%.

b) Amounts for ship construction have been increased 45% under the Ordinary Account and 18% under the Extraordinary Account. While construction costs have increased somewhat, these increases would indicate that the building programs are not being reduced.

c) Operating expenses of "ships and stations" have been increased 30%.

d) Amounts for additions and improvements to naval stations have been increased and will increase even more next year.

e) Amounts for expanding the naval air force have increased only 5% but research expenses have increased 300%.

f) The basic general budget has increased 20% and is now ¥1,241,034,114. To this amount must be added ¥309,000,000 included in the Supplementary Budget and an estimated ¥1,000,000,000 from the Extraordinary Military Expense Account.

Attached at	Op-20/11	Op-12 ✓	Op-13 ✓	Op-14	Op-20	Op-21	Op-22	Op-23	Op-28	Op-32	Date	Comments	Signature Com.
Chief Asst. Sub. ✓											Return to Room No.		

U. S. GOVERNMENT PRINTING OFFICE 16—15400

Report No. 36
Japan
10 March 1941

300 - Finance
302 - Budgets
200 - Navy

JAPANESE NAVAL BUDGETS - FISCAL YEAR 1941-42

Following approval by the Diet certain details of the Government's basic general budget and supplementary budgets were promulgated in the Official Gazette. These details are given below.

A. Basic General Budget

NAVY	Budget 1941-42	Budget 1940-41
Ordinary Account		
1. Navy Department Proper		
(a) Pay.....	845,910	673,088
(b) Office expenses.....	333,468	281,549
TOTAL - Navy Department Proper	1,179,378	954,637
2. Military Expenses		
(a) Pay.....	87,209,443	72,301,222
(b) Office expenses (furniture, postage, stationery, hauling expenses, telegrams, cables)	3,104,335	2,566,258
(c) Miscell. pay and expenses (foreign and domestic travel, employees pay, subsistence and quarters allowance, entertainment expenses, etc.)	10,968,246	8,999,473
(d) Expenses for food and clothing	44,100,336	35,836,545
(e) Ship construction, ordnance manufacture and repairs (includes purchase airplanes and aviation equipment)	218,790,920	151,934,704
(f) Expenses for maneuvers.....	1,235,985	911,845
(g) Care of patients.....	2,020,001	1,775,011
(h) Upkeep of Naval Ports.....	1,340,975	1,293,331
(i) Operating expenses of ships and stations.....	79,076,422	61,875,049
(j) Hydrographic expenses.....	2,945,371	2,126,099
(k) Miscell. training expenses...	4,089,268	3,209,650
(l) Aid to families of enlisted men	1,391,944	1,262,951
(m) Subsidy to employees' mutual aid guild.....	5,833,618	5,265,111
(n) Expenses in connection with prisoners.....	12,940	12,109
(o) Confidential fund.....	79,440	99,300
TOTAL - Military expenses	462,199,244	349,468,658
3. Miscell. Expenses (discharge allowance, special death gratuity, accident allowance, etc.).....	966,565	875,166
TOTAL - ORDINARY ACCOUNT	464,345,187	351,298,461
Extraordinary Account		
1. Ship construction expenses	424,174,897	359,652,069

The above item is a continuing expenditure. Future annual allocations of funds have been revised as follows:

1942-1943.....	¥ 417,245,000
1943-1944.....	290,080,000
1944-1945.....	62,330,000
	¥1,193,829,897

A. Basic General Budget, (Cont'd)
NAVY, (cont'd)
Extraordinary Account, (cont'd)

	Budget 1941-42	Budget 1940-41
2. Additions and improvements to shore stations		
(a) Office expenses.....	3,752,778	3,070,680
(b) Naval dockyards, additions and improvements to.....	133,096,858	117,806,046
(c) Facilities and equipment for various defense corps.....	24,854,035	23,850,400
(d) Miscell. equipment for Naval ports.....	6,460,665	5,998,200
(e) Expenses of training facilities.....	11,732,264	13,034,258
(f) Expansion of hospital facilities.....	5,452,400	1,574,600
TOTAL - Item 2	185,349,000	165,334,184

The above items are continuing expenditures. Future annual allocations of funds are as follows:

	1942-43	1943-44	1944-45	1945-46
a) Office expenses	3,122,882	880,700	246,700	61,800
b) Naval dockyards, additions and improvements to..	104,904,180	25,014,000	5,951,000	1,238,200
c) Facilities and equipment for various defense corps.....	20,202,565	7,610,000	4,523,800	
d) Miscellaneous equipment for Naval Ports....	6,199,711	4,843,200	3,095,500	
e) Expansion of training facilities.....	8,291,656	753,300		
f) Expansion of hospital facilities.....	2,668,000	3,385,800		

	Budget 1941-42	Budget 1940-41
3. Expansion of Naval Air Force	84,262,000	80,891,489

The above item is a continuing expenditure. Future annual allocations of funds are as follows.

1942-43.....	¥ 77,184,000
1943-44.....	33,630,000
1944-45.....	3,400,000

	Budget 1941-42	Budget 1940-41
4. Alteration, repair and equipment of vessels		
(a) Modernization of ships	27,345,000	26,400,000
(b) Special repairs to ships	12,300,000	14,100,000
(c) Replacement of submarine storage batteries.....	1,670,000	1,721,904
(d) Construction of miscellaneous boats.....	760,000	782,000
TOTAL - Item 4	42,075,000	43,003,904

A. Basic General Budget (Cont'd)
NAVY, (cont'd)
Extraordinary Account (cont'd)

The foregoing items are continuing expenditures. Future annual allocations of funds are as follows:

(a) Modernization of ships:
1942-1943..... ¥10,331,000
1943-1944..... 4,835,000
1944-1945..... 4,000,000

(b) Special repairs to ships:
1942-1943..... 8,837,000

	Budget 1941-42	Budget 1940-41
5. Replenishment and renewal of military stores.....	9,637,600	11,017,000
6. Construction and repairs to buildings.....	187,062	269,362
7. Expenses of trial digging of naval reserve oil field....	500,000	570,000
8. Work to be performed by Navy for other government departments.....	2,773,129	770,569
9. Making charts for public sale	201,703	172,356
10. Research expenses Research in engines and ordnance.....	18,317,476	6,052,684
11. Gratuities (a) Lump sum payment.....	328,040	340,040
12. Construction of Hydrographic Office shops.....	250,000	
13. Construction of tidal observation stations of Hydrographic Office.....	25,400	
14. Restoration of earthquake damages.....	200,000	200,000
15. Making meteorological charts of upper air currents.....	50,013	49,663
16. Increase in allowance due to appreciation of foreign currencies.....	657,607	740,478
17. Amount transferred to special account to replenish circulating capital of Navy Yards, Naval Powder Factory and Naval Fuel Depot.....	7,500,000	5,900,000
TOTAL - Extraordinary Account.....	776,688,927	677,646,669
Ordinary Account.....	464,345,187	351,298,467
TOTAL - Basic General Budget.....	1,241,034,114	1,028,945,136

B. SUPPLEMENTARY BUDGET

NAVY	Budget 1941-42
Ordinary Account	
1. Military expenses	
(a) Subsidy to employees' mutual aid guild.....	213,682
Extraordinary Account	
1. Ship construction expenses.....	87,145,750
2. Expansion and improvements to shore stations.....	172,788,000
(a) Office expenses.....	2,934,300
(b) Naval Dockyards, additions and improvements to.....	131,748,600
(c) Facilities and equipment for various defense corps.....	23,644,100
(d) Miscellaneous equipment for Naval ports.....	2,411,000
(e) Expansion of training facilities	11,167,100
(f) Expansion of hospital facilities	882,900
(Total of Items (a) to (f).....	172,788,000)
3. Expansion of the Naval Air Force....	7,300,000
4. Replenishment and renewal of Naval stores.....	41,150,000
5. Restoration of buildings at Yokosuka Naval Station which were damaged by typhoon.....	354,250
TOTAL - Extraordinary Account.....	306,738,000
Ordinary Account.....	213,682
TOTAL - Supplementary Budget.....	308,951,682

C. EXTRAORDINARY MILITARY EXPENSES 4,880,000,000

(a) Army and Navy 4,100,000,000
(b) Reserve Fund 780,000,000

The specific amount allocated to the Navy is not given. (Under this same title another supplementary budget was approved by the current Diet to defray the expenses of the Army and Navy for February-March 1941 amounting to Yen One Billion)

D. RECAPITULATION OF NAVY BUDGET - 1941-42 Accounts.

	(Unit: ¥1,000,000)
General Basic Budget.....	1,241
Supplementary Budget.....	309
Extraordinary Military Expense Account (It is estimated that the Navy's allocation of the total of 4,880,000,000 will be at least 1,000,000,000)	1,000
TOTAL - Navy.....	2,550

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ISSUED BY THE INTELLIGENCE DIVISION
OFFICE OF CHIEF OF NAVAL OPERATIONS
NAVY DEPARTMENT

APR 3 1941

INTELLIGENCE REPORT

Serial No. 37 (Start new series each year, i. e. 1-40, 2-40)

Monograph Index Guide No. 102-200 (To correspond with SUBJECT given below. See O. N. I. Index Guide. Make separate report for each main title.)

From Naval Attaché (Ship, fleet, unit, district, office, station, or person) at Tokyo Date 11 March, 1941

Reference (Directive, correspondence, previous related report, etc. if applicable)

Source Official (As official, personal observation, publications, press, conversation with—identify when practicable, etc.) Evaluation Reliable (As reliable, doubtful, unverified, etc.)

Subject Japan (Nation reported on) (Main title as per index guide) (Subtitles) (Make separate report for each title)

Basic.—(Here enter careful summary of report, containing substance succinctly stated; include important facts, names, places, dates, etc.)

NATIONAL DEFENSE SECURITY BILL

The National Defense Security Bill passed by the present session of the Diet is designed to stop foreign propaganda and espionage and to unify national opinion by suppressing liberalism among the upper classes. This is an Army-sponsored measure which will be enforced by an Army-controlled Ministry of Justice.

The main provisions of the bill are:

a) State secrets are defined as matters relating to diplomacy, finance, economy or other State affairs submitted to Imperial conferences, Cabinet conferences, secret sessions of the Diet, etc.

b) Persons who disclose State secrets are to be punished with death, penal servitude for life or penal servitude for not less than three years. Other severe punishments are provided for persons who have knowledge of secrets because of their occupations and who disclose such secrets to other persons.

c) Persons who act as spies are to be punished with penal servitude for life or penal servitude for not less than one year.

d) Persons who have committed acts likely to obstruct national economic plans or to disturb the financial or economic world with the object of benefitting foreign countries are to be punished with penal servitude for life or penal servitude of not less than one year and are liable to a fine not exceeding ¥100,000.

e) The provisions of the bill will be enforced through the regular courts and police officials.

Use the prescribed routing or phrase routing, or for retention. Indicate by check (✓) on this copy the complete distribution of other copies of this report. To show routing not provided for on this form, use blank boxes.

Op.-16	Op.-16-1	A-B-C-D-E-F-X-Z F-9 F-1, F-2, F-3, F-4, F-5, F-6, F-7, F-8, B-1, B-4, B-6						Monograph	Archives	Budget	Cont'l Board	Sec. Nav. Off. Intelligence	War College	M. I. D.	H. O.
Nav.	Ord.	T. & D.	C. & R.	Eng.	S. & A.	M. & S.	Aero.	U. S. M. C.	C. in C. U. S.	Com. Bat. For.	Com. Sca. For.	C. in C. A. F.	Com. Sparon.	Com. Atron.	F. A. T. U.
Attached at		Op.-16/11	Op.-12	Op.-13	Op.-14	Op.-20	Op.-21	Op.-22	Op.-23	Op.-30	Op.-31	State	Com. Reserve	Maritime Com.	
Civil Aero Auth.	F.B.I.											Return to Room No.			

U. S. GOVERNMENT PRINTING OFFICE 16—15402

Report No. 37-41
Japan
11 March 1941

NATIONAL DEFENSE SECURITY BILL

One of the most important bills passed by the present session of the Diet is the National Defense Security Bill. According to the Japanese War Department which sponsored the bill, it is designed to stop all pernicious foreign propaganda in Japan as well as to put an end to foreign espionage activities. However, the War Office spokesman stated that it was largely directed against the upper classes who were inclined toward liberalism and against the Communists. The bill therefore would not be used to control the masses. Whether this is the case, remains to be seen since under the new law, very wide powers are given to the courts to suppress "subversive acts". It should be noted in this connection that Army control of the courts has recently been insured by the appointment of Lt. General Heisuke Yanagawa as Minister of Justice.

The National Defense Security Bill as passed by the Diet reads in translation as follows:

"Chapter 1. Crime.

"Article 1. State secrets, within the meaning of the present law, shall be matters relating to diplomacy, finance, economy and other important state affairs, which must be kept secret from foreign countries from the standpoint of national defense. Matters falling under the category of any of the following items, as well as documents and other things indicative of such matters, shall be regarded as state secrets.

"1. Matters submitted to Imperial Conferences, the Privy Council, Cabinet council and conferences of similar importance, and the proceedings of such conferences.

"2. Matters submitted to meetings in camera of the Diet and the proceedings of such meetings.

"3. Matters prepared for submission to any one of the conferences provided in the foregoing two clauses and important secret matters relating to the various departments of the Administration.

"Article 2. The provisions of punishment of the present chapter shall apply also to persons who violate the present law outside the areas in which the law is enforced.

"Article 3. Persons who, having come to know or to be possessed of data of State secrets from occupational reasons, have divulged them to a foreign country or countries (including persons acting for a foreign country or countries and a foreigner or foreigners, as so shall be understood hereinafter) or have made them public, shall be punished with death, penal servitude for life or penal servitude for a period not less than three years.

"Article 4. Persons who have made studies of or have collected data on State secrets with the object of divulging them abroad or making them public, shall be punished with penal servitude for a period of not less than one year.

Persons who have made studies of and collected data on State secrets with any of the objects provided for in the preceding paragraph and have revealed them abroad or have made them public, shall be punished with death,

penal servitude for life or penal servitude for a period of not less than three years.

"Article 5. Persons who have come to know of State secrets or have obtained data on State secrets for reasons other than those provided in the preceding two articles and have revealed them abroad or have made them public, shall be punished with penal servitude for life or penal servitude for not less than one year.

"Article 6. Persons who have come to know of State secrets or have obtained data on them from occupational reasons and have divulged them to other persons, shall be punished with penal servitude for not exceeding five years or a fine not exceeding ¥5,000.

"Article 7. Persons who have come to know of or have become possessed of State secrets and have revealed them abroad or have made them public through carelessness, shall be punished with imprisonment not exceeding three years or fine not exceeding ¥3,000.

"Article 8. Persons who have obtained information on diplomatic, financial, economic and other matters or have collected such data with the object of using them for purposes injurious to the interests of national defense or with the object of letting them be known abroad, knowing that they are likely to be used against the interests of the national defense, shall be punished with penal servitude not exceeding 10 years.

"Article 9. Persons who have acted as spies for a foreign country or countries or have disseminated matters which are harmful to public peace and order with intent to give benefit to a foreign country or countries, shall be punished with penal servitude for life or penal servitude for not less than one year.

"Article 10. Persons who have acted as spies for a foreign country or countries or have committed acts likely to impede seriously the carriage of the national economy by means of disturbing the financial world or obstructing the production and distribution of important materials or through other procedures, with the object of giving benefit to a foreign country or countries, shall be punished with penal servitude for life or penal servitude for not less than one year.

"Persons who have committed the crimes mentioned in the foregoing paragraph, shall be liable to the additional imposition of a fine not exceeding ¥100,000.

"Article 11. An attempted crime provided in Article 3, Article 4, Article 5, Article 8, Article 9 or in Paragraph 1 of the preceding Article, shall be punished.

"Article 12. Persons who have instigated another person or persons to commit any of the crimes provided in Article 3, Article 4, Article 5, Article 9, or in Paragraph 1 of Article 10, regardless of whether the instigated person has committed the act or not, shall be punished with penal servitude not exceeding 10 years.

"Persons who have tempted or incited another person or persons to commit any of the crimes provided in Article 3, Article 4, Article 5, Article 9 and in Paragraph 1 of Article 10, shall be liable to the same punishment as provided in the preceding paragraph.

"Persons who have instigated others to commit crimes provided in Article 8 but the instigated persons have not actually committed the crimes, shall be punished with penal servitude not exceeding three years.

"Persons who have tempted or incited another person or persons to commit the crimes provided for in Article 8, shall be liable to the same punishment as provided in the preceding paragraph.

"Article 13. Persons who have made preparations or have plotted with the object of committing any of the crimes provided in Article 3, Article 4, Article 5, and in Paragraph 1 of Article 10, shall be punished with penal servitude not exceeding five years.

"Persons who have made preparations or have plotted with the object of committing the crime provided in Article 6 shall be punished with penal servitude not exceeding two years.

"Article 14. Persons who have committed any of the crimes provided in Paragraph 1 of Article 4, in Article 8 and in Article 11 to the preceding Article, but have surrendered themselves to justice before his act has become known to the authorities, shall be granted extenuation or remission.

"Article 15. Objects which have formed the crimes provided in the present chapter, which have been actually used or attempted to be used in the criminal acts, and which have been produced from the criminal acts or have been thereby obtained, shall be confiscated in case the objects do not belong to person other than the criminals. Except in case where the object concerned is confiscated through judicial procedure, such object shall be liable to be confiscated by the prosecution.

"Objects which have been obtained in return for the criminal acts as provided in the preceding paragraph, or objects which have been obtained as the equivalents of the things provided in the preceding paragraph, shall be confiscated in case the objects concerned do not belong to person or persons other than the criminals. In case the whole or part of such objects cannot be confiscated, the equivalent sum of money shall be forfeited from the criminals.

"Chapter II. Criminal Procedure

"Article 16. The provisions of this Chapter shall apply to cases concerning the following offences.

"1. Offences mentioned in Articles 3 to 13.

"2. Offences mentioned in Articles 2 to 7 and Articles 15 to 17 of the Military Secret Protection Law, Articles 11 to 15 and Article 19 of the Military Resources Secret Protection Law, Chapter 3, Book 2, of the Criminal Law, Articles 27 to 29 and Articles 31, 32 and 34 of the Army Criminal Code, Articles 22 to 24 and Articles 26, 27 and 29 of the Naval Criminal Code and Article 44 of the National General Mobilization Law.

"The provisions of this Chapter shall also apply to cases concerning the following offences which have been committed in collusion with foreign countries or with a view to benefiting foreign countries.

"Offences mentioned in the Military Secret Protection Law (except the offences mentioned in No. 2 of the preceding paragraph), Military Resources Secret Protection

Law (except the offences mentioned in No. 2 of the preceding paragraph), Fortified Zone Law, Army Transport Harbor Zone Military Policing Law, Law No. 83 of 1890 (matters pertaining to the punishment of those violating Regulations for Naval Ports and Strategic Ports), Military Electric Communication Law, Border Supervising Law, Chapters 1, 2, 4, 8 to 11, 15 to 19, 26, 27 and 40 of Book 2 of Criminal Law, Article 3 of the Chosen Criminal Affairs Ordinance, Chapter 1 (except the offences mentioned in No. 2 of the preceding paragraph), Chapter 8 and Article 99 of Book 2 of the Army Criminal Code, Chapter 1 (except the offences mentioned in No. 2 of the preceding paragraph), Chapter 8 and Article 100 of Book 2 of Naval Criminal Code, Public Order Maintenance Law, Law No. 60 of 1926 (law pertaining to the punishment of acts of violence), Control and Penal Regulations for Explosives, Penal Rules for Insurgents (Ordinance No. 24 of 1898), Temporary Seditious Letters Supervising Law, Currency and Securities Forgery Supervising Law, Currency and Securities Forgery Supervising Regulations (Ordinance No. 14 of 1903), Law No. 66 of 1905 (matters pertaining to forgery, imitating and revising of currencies, bank notes and securities current in foreign countries), Public Order Policing Law, Ordinance No. 7 of 1919 (matters pertaining to the punishment of crimes concerning politics), Foreign Exchange Control Law, Customs Law, Law No. 92 of 1937 (law pertaining to temporary measures concerning export and import articles), Shipping Law, Navigation Law, Telegraph Law, Wireless Telegraph Law and National General Mobilization Law (except the offences mentioned in No. 2 of the preceding paragraph),

"Article 17. The public procurator shall be authorized to summon suspects or to order judicial police to summon them.

"The writ of summons issued by judicial police by order of the public procurator shall bear the official post and name of the public procurator who has given the order and the statement as well that the writ in question has been issued by order.

"Duties devolving on the secretary and bailiff of the court of justice in connection with the delivery of the writ of summons, may be executed by the judicial police official.

"Article 18. In case a suspect fails to obey the summons without proper cause, and in case there is cause provided in the items in paragraph 1 of Article 87 of the Code of Criminal Procedure, the public procurator shall be authorized to arrest the suspect, to commission another procurator to effect the arrest of the suspect or to order judicial police to arrest the suspect.

"The provisions of Paragraph 2 of the preceding Article shall be applied to the writ of summons issued by judicial police under the order of the public procurator.

"Article 19. Suspected persons who have been arrested shall be examined by the public procurator or judicial police official within 48 hours from the time the suspected persons are brought to a designated place. In case a warrant of detention is not issued, the public procurator shall set free the suspected person or shall order judicial police to liberate the suspect.

"Article 20. In case there is any of the reasons provided for in the items, Paragraph 1, Article 87 of the Code of Criminal Procedure, the public procurator shall be authorized

to detain a suspected person or to order judicial police to detain such person.

"The provisions of Paragraph 2, Article 17, shall apply in connection with the warrant of detention issued by judicial police under order of the public procurator.

"Article 21. With regard to detention, a police cell or a gendarmerie house of detention may be used in place of a prison.

"Article 22. The maximum term of detention shall be two months. In case it is found necessary to continue the detention, the public procurator, in case of a district local court, shall be authorized to renew the term of detention with the permission of the chief public procurator monthly, and, in case of a local court, the public procurator shall be authorized to do so with the permission of the chief of the prosecution of the same court. The entire term, however, shall not exceed four months altogether.

"In case it is found necessary to continue the detention especially in connection with a criminal case connected with the Law for the Maintenance of the Public Peace and Order, it shall be permissible to renew the period of detention monthly with the permission of the chief public procurator. The whole period of detention, however, shall not exceed one year altogether.

"In case it is found necessary to continue the term of detention for the purpose of prosecuting a search in connection with a case of any of the crimes provided in Article 73, in Article 75 and in Article 77 to Article 79 of the Criminal Code, the Public Procurator-General or the public procurator under the order of the Public Procurator-General shall be authorized to renew the period of detention monthly. The entire period of detention, however, shall not exceed six months altogether.

"Article 23. In case the reason for the detention ceases to exist or it is found unnecessary to continue the detention, the public procurator shall speedily set free the person under detention or have the same person set free through judicial police.

"Article 24. The public procurator shall be authorized to suspend the enforcement of detention by enforcing restrictions in the dwelling and habitation of a suspected person.

"In case there exists any of the reasons provided in Paragraph 1, Article 119, of the Code of Criminal Procedure, the public procurator shall be authorized to cancel the suspension of execution of detention.

"Article 25. The public procurator shall be authorized to examine a suspected person or to order judicial police to examine such person.

"Provided that it is prior to prosecution, the public procurator shall be authorized to summon a witness for examination, to commission another procurator to examine the witness or to order judicial police to do so. In case the judicial police examines a suspected person or witness under order of the public procurator, the same police shall enter the official position and name of the public procurator who has given the order in the written record of examination.

"The provisions of Paragraphs 2 and 3 of Article 17 shall apply in connection with the examination of a witness.

"Article 26. Provided that it is before the institution of prosecution, the public procurator shall be authorized to carry out seizure, search or verification, to commission other public procurator to dispose of it, or to order judicial police to take the same procedure.

"With the proviso that it is before the institution of prosecution, the public procurator shall be authorized to order appraisal, interpretation or translation, to commission other public procurator with the disposition of the case or to order judicial police to enforce the same procedure.

"The provisions of Paragraph 3 of the preceding Article shall apply in connection with seizure, search, written record of verification, or written record of appraiser, interpreter or translator.

"The provisions of Paragraph 2 and Paragraph 3 of Article 17 shall apply in connection with appraisal, interpretation and translation.

"Article 27. The part of the provisions of the Code of Criminal Procedure which relates to the summons, arrest or detention of the accused, examination of the accused or witness, seizure, search, appraisal, interpretation and translation shall, except in case of the existence of special provisions, apply in case of a suspected person. The provisions relating to bail and giving in custody to a relative, however, shall not apply in the same case.

"Article 28. In case a foreign ship or airplane, in contravention of law, prohibition by order issued on the basis of law or restrictions, enters a zone subject to the same prohibition or restrictions, the public procurator, shall, in case he finds it necessary for the purpose of search or examination, be authorized to order the ship or airplane concerned to bring itself to a designated place, to put it under restraint, or to order the chief, crew and passengers of the ship or airplane to stay at a designated place.

"The public procurator shall be authorized to order judicial police to enforce the procedures in accordance with the provisions of the preceding paragraph.

"The provisions of the preceding two paragraphs shall apply also to a case of a crime other than the crimes provided in Article 16.

"Article 29. Counsel shall be selected and appointed from among the barristers previously designated by the Minister of Justice. But in this case, it shall be permissible to apply the provisions of Paragraph 2, Article 40, of the Code of Criminal Procedure.

"Article 30. The number of counsel shall not exceed two for each accused. In case 10 days have elapsed from the day on which a writ of summons relating to the date of public trial as at first fixed was received, it shall be impossible to select and appoint counsel. This, however, shall not apply in cases where, under unavoidable circumstances and for unavoidable reasons, the permission of the court of law is obtained.

"Article 31. In case a counsel engages in verbal proceedings at a session of a law court which is open to the public, he shall be prohibited from stating State secrets, military secrets, secrets regarding war resources, or secrets of a

Government office relating to national general mobilization affairs or business designated by the Government office concerned. In this case, the counsel shall be allowed to present a written statement of such matter or matters in place of verbal proceedings.

"Article 32. In case the counsel intends to copy the documents regarding legal proceedings, he shall obtain the permission of the chief judge or the judge concerned.

"The counsel shall, in case of necessity, inspect the documents regarding legal proceedings at a place designated by the chief judge or judge.

"Article 33. With regard to a decision by a court of first instance which has adjudicated the commission of any of the crimes provided for in Paragraph 1 of Article 16, commission of espionage for a foreign country or countries or commission of any of the crimes provided for in Paragraph 2 of the same Article with the object of giving benefit to a foreign country or countries, it shall not be permitted to enter any appeal against it.

"With regard to the judgment of a court of first instance provided in the preceding paragraph, it shall be permissible to present a direct demand for revision.

"The demand for revision shall be in accordance with the provisions of Article 416 of the Code of Criminal Procedure. This demand can be made only in cases where there is reason wherefore a demand may be made for revision of a decision of a court of second instance in accordance with the provisions of the same Code.

"Article 34 In case a law court has rendered a judgment that a person has committed a crime of espionage or any of the crimes provided in Paragraph 2 of Article 16 with the object of giving benefit to a foreign country or countries, the court shall indicate in the decision to this effect.

"In case a demand has been presented for revision of the decision by court of first instance which has made the indication as provided in the preceding paragraph, and in case the court of revision concerned has adjudged that there are reasons for doubting the actual commission of espionage or commission of other crime with the object of giving benefit to a foreign country or countries, the court of revision shall revoke the original judgment through adjudication and shall transfer the case to the competent court of appeal.

"The provisions of the preceding paragraph shall also apply in cases where a demand has been presented for revision of the decision of a court of first instance which has adjudged a case as the commission of one of the crimes provided in Article 16 and where the court of revision adjudged that there is enough reason for justifying doubt about the commission of any of the crimes provided in the same Article.

"Article 35. The court of revision, in connection with notice regarding the date of public trial, shall be authorized not to conform to the period provided in Paragraph 1, Article 422, of the Code of Criminal Procedure.

"Article 36. With regard to legal proceedings concerning crimes amenable to application of the provisions of the present Chapter, the court of law shall carry through their trials promptly, regardless of order of priority of other litigations on hand.

"Article 37. Cases of crimes provided in Article 16, except cases provided in Article 4 of the Jury Law, shall not be submitted to jury council.

"Article 38. Except in cases where special provisions are made, the legal provisions in general shall apply to criminal procedure.

"Article 39. The provisions of this Chapter shall, except the provisions of Articles 21, 22, 28, 29, paragraph 1 of 30, 33, 34 and 37, apply mutatis mutandis to the criminal procedure of Court-Martial. In this case, the expression "paragraph 1 of Article 87 of the Code of Criminal Procedure" shall refer to Article 143 of the Army Court-Martial Law and Article 143 of the Navy Court-Martial Law. The expression "paragraph 1 of Article 422 of the Code of Penal Procedure" shall refer to paragraph 1 of Article 444 of the Army Court-Martial Law or paragraph 1 of Article 446 of the Navy Court-Martial Law. The expression "in the presence of reasons prescribed in paragraph 1 of Article 119 of the Code of Penal Procedure" as mentioned in paragraph 2 of Article 24 shall read "whenever".

"Article 40. In Korea and Formosa, the laws mentioned in the present Chapter shall also include local laws and regulations. In Korea, the expression "Article 73, Article 75, Article 77 to Article 79 of the Criminal Code" as mentioned in paragraph 3 of Article 22 shall refer to Article 73, Article 75, Article 77 to Article 79 of the Criminal Code or Article 3 of the Criminal Ordinance of Korea. The expression "paragraph 1 of Article 422 of the Code of Criminal Procedure" as mentioned in Article 35 shall refer to article 31 of the Criminal Ordinance of Korea.

"In Korea, the designation "the Minister of Justice" as made in the present Chapter shall refer to the Governor-General of Korea, "the Public Procurator-General" as mentioned in the present Chapter shall refer to the Chief Public Procurator of the Supreme Court of Korea, "the chief of public procurators or chief public procurator" shall refer to the chief public procurator of court of cassation, and "the public procurator of district or local court" shall refer to the public procurator of local court.

"In Formosa, the designation "the Minister of Justice as mentioned in the present Chapter shall refer to the Governor-General of Formosa, "the Public Procurator-General or chief public procurator" shall refer to the chief public procurator of the Supreme Court of Formosa, "chief public procurator" shall refer to the chief public procurator of local court," public procurator of district or local court" shall refer to the public procurator of local or branch local court, "public procurator" shall refer to public procurator, and "preliminary judge" shall refer to preliminary judge.

"Supplementary Provisions

"The date of enforcement of the present law shall be fixed by Imperial ordinance.

"The present law shall be enforced in Japan Proper, Korea, Formosa and Saghalien.

"The provisions of Article 2 shall not apply to a case in which prosecution has been instituted before the enforcement of the present law.

"The search procedures which have been made in accordance with the provisions of Articles 12 to 15 of the Criminal Ordinance of Korea before the enforcement of the present law shall remain effective even after the enforcement of the present law.

"With regard to the search procedures mentioned in the preceding paragraph, such procedures as are defined by the corresponding provisions in the present law shall be regarded as having been carried out in accordance with the present law."

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ISSUED BY THE INTELLIGENCE DIVISION
OFFICE OF CHIEF OF NAVAL OPERATIONS
NAVY DEPARTMENT

APR 8 1941

INTELLIGENCE REPORT

Serial No. 41
(Start new series each year, i. e. 1-40, 1-41)

Monograph Index Guide No. 400-411
(To correspond with SUBJECT given below. See O. N. I. Index Guide. Make separate report for each main title.)

From Naval Attaché (Ship, fleet, unit, district, office, station, or person) at Tokyo Date 12 March, 1941

Reference (Directive, correspondence, previous related report, etc. if applicable)

Source Commercial Attache, American Embassy, Tokyo (As official, personal observation, publications, press, conversation with—identify when practicable, etc.) Evaluation Reliable (As reliable, doubtful, unverified, etc.)

Subject Japan (Nation reported on) Economics - Industrial Summary (Main title as per index guide) (Subtitles) (Make separate report for each title)

Basic.—(Here enter careful summary of report, containing substance succinctly stated; include important facts, names, places, dates, etc.)

ECONOMIC CONDITIONS IN JAPAN DURING 1 9 4 0

A survey of economic conditions in Japan during 1940. It should be noted:

a) There was a general economic recession with decreased industrial production, agricultural output, foreign trade, ordinary business transactions and general internal prosperity.

b) Industries suffered from shortages of materials, labor, fuel, and electric power.

c) Agricultural output was 8.5% below 1939. Large quantities of rice had to be imported.

d) Foreign trade is unsatisfactory with an import excess of ¥880,000,000 with foreign currency countries.

e) The great strain on the nation's finances continued due to heavy military expenditures.

f) Heavy industries will suffer even more during this year because of American export control of scrap iron, machine tools, etc.

g) Commodity prices have been stabilized by government control but the cost of living has risen considerably more than wages.

h) The trend of Japan's economy depends almost entirely on the European war, and on whether she can obtain essential commodities from China, Indo-China and the Netherlands Indies. The prospects are poor.

Use this space for additional routing not provided for on this form, use blank boxes.

Op-16	Op-16-1	A-B-C-D-E-F-Z F-1, F-2, F-3, F-4, F-5, F-6, F-7, F-8, B-3, B-4, B-6						Monograph	Bulletins	Budget	Gen'l Board	Sec. Nav. Col. Bureau	War College	H. I. D.	H. O.
Nav.	Ord.	T. & D.	C. & R.	Eng.	S. & A.	M. & S.	Aero.	U. S. M. C.	C. in C. Battle Fleet	Com. Bat. For.	Com. Sca. For.	C. in C. A. F.	Com. Sponsors	Com. Aircraft	F. A. T. U.
Attached at			Op-10(1)	Op-12	Op-13	Op-14	Op-20	Op-21	Op-22	Op-23	Op-26	Op-32	State	Commerce	Maritime Com.
Civil Aero Auth.													Return to Room No.		

U. S. GOVERNMENT PRINTING OFFICE 16—15400

Report No. 41
Japan
12 March 1941

400 - Economics
411 - Industrial Summary

ECONOMIC CONDITIONS IN JAPAN DURING 1940

The following survey of general economic conditions in Japan during 1940 was obtained from the Commercial Attaché of the Embassy in Tokyo.

General

Major efforts during 1940 were directed towards the reorganization of Japanese economy under State Control and the creation of a strong yen bloc area. Japan continues in her efforts to become economically independent and self sufficient.

State control has been extended to every phase of the nation's life - industrial, financial, agricultural, commercial, political and social. While some progress has been made, the year 1940 witnessed a general economic recession with decreased industrial production, agricultural output, foreign trade, ordinary business transactions and profit, and general internal prosperity.

Industrial Production

All available reports indicate a slow deterioration of industry under the continuous strain of the protracted struggle in China, the serious shortages of essential materials, labor and electric power, and a further decline in industrial efficiency.

Heavy industries suffered greatly from shortages of materials.

Light industries and plants manufacturing consumers products suffered even more heavily.

Agriculture

Agricultural output was 8.5% below 1939. The rice crop was lower by 11.7%, cocoon production lower by 3.6% and barley by 3%. Wheat output gained 8%. Government control of agricultural products including official price fixing and a rationing system, were extended.

There was a general scarcity of daily necessities and high prices prevailed in spite of government control.

Foreign Trade

Detailed foreign trade statistics are no longer published (since Oct.16,1940) but such information as is available shows an unsatisfactory condition. The import excess with foreign currency countries was approximately ¥880,000,000.

Trade prospects are not good because of Japan's relations with the United States and Great Britain. Efforts to obtain needed raw materials from the Netherlands Indies and from French Indo-China have been intensified.

Business Activity

Domestic business experienced a certain degree of prosperity but this was largely offset by higher commodity prices, scarcity of supplies and officially restricted business activities. Numerous small and medium sized firms have been forced out of business. Large business interests show the effects of unsound State control and there are unmistakable signs that many key industries are on the down grade from inefficient management and financial strain.

Transportation

Japan's entire commercial transportation system is in a decrepit state. Railway equipment is old and urgently in need of repairs. Trucks, buses, and private automobiles need replacing. Roads are deteriorating.

Shipping facilities suffer from shortages of repair materials, iron and coal. Invisible payments for shipping services have been substantially reduced due to the curtailment of overseas shipping. Military conscription of vessels has increased the shortage of bottoms.

Trend of Economic Legislation

State control over the production distribution and consumption of essential materials was intensified in 1940. This control extends to corporate and bank funds, foreign exchange, foreign trade, commodity prices, farmlands, forests, etc. The trend toward totalitarianism was accelerated throughout the year.

Financial Developments

The strain on the nation's finances was manifested by an increase in ¥1,112,377,000 in the note circulation, a decline of 12% in the rate of national bond absorption, a rise of ¥6,668,000,000 or almost 24% in the national debt, increased taxation, an increase of 117% in the import excess with foreign currency countries and a reduction of 50% in gold exports.

By the end of 1940 the China Incident had cost Japan over sixteen billion yen.

National debt on 31 Dec. 1940 was ¥28,250,000,000 - almost three times the national debt in July 1937.

The 1941-1942 Budget is yet to be approved but the total will be almost ¥13,000,000,000 including a bond issue of ¥7,000,000,000. Approximately half of the budget is for military and semi-military expenses.

Bond digestion in 1940 was 78% - a decline of 12% from the previous year. This appears to be an unsatisfactory condition caused by decline in business activities, higher living costs, the prevailing tight money market and perhaps doubts about the value of the bonds. Government efforts to conscript all available funds for wartime industries and bond absorption continue.

Tax Revenue

Taxes have been revised upward four times since 1937, but for the first nine months of the present fiscal year the receipts from taxes were lower than in 1939 indicating a decline in general business activity. Estimated tax receipts for the 1941-42 budget amount to ¥3,690,000,000.

Money Market

The general monetary situation was featured by a decided scarcity of funds, but year-end settlements were completed without serious financial difficulties being encountered. On 31 December 1940, note circulation amounted to ¥4,930,000,000 or ¥1,110,000,000 more than in December 1939.

Stock Market

Caution and apprehension dominated stock market sentiment and share prices followed a steady downward tendency throughout the year. The Tokyo Stock Exchange price index fell from 189.2 in January to 152.8 for November.

Industrial Development and Production

All available indices indicate a volume decline in industrial output during 1940. The principal factors responsible for this decline are shortage of skilled labor, materials, fuel and electric power. Accurate statistics are not available but the general index shows at least a 3.5% decline for the first eight months of the year. Inasmuch as manufacturing conditions during the last four months were much more unfavorable, it is probable that the decline for the entire year was considerably greater.

Iron and Steel Industry

The greatest problem facing the industry is that of finding substitutes for American scrap iron. Iron and steel mill operations will undoubtedly be drastically curtailed during the coming year. While efforts are being made to conserve existing stocks and to exploit iron resources of North China, the problem is a very serious one which will probably not be solved satisfactorily.

Employment and Wages

Employment in the metal industries rose 6.3%, machine tool industries 12.3%, chemical industries 2.5% while in the textile and paper industries employment fell 6.1% and 7.9% respectively. Average wage rates increased 8.2% but living costs increased 18.3%.

Commodity Prices and Living Costs

The price indices indicate an average increase in wholesale prices of 30% and in retail prices of 50.5% since July 1937. The Government now controls prices of all important commodities and is, by drastic measures, preventing prices from increasing.

Living costs for salaries workers were 17.4% higher and for laborers 18.3% higher than during 1939.

Agriculture

The government now controls the production distribution and prices of agricultural products, but no solution has been found for the shortages of labor, farm implements, and fertilizers. Extensive plans to increase agricultural production in 1940 were unsuccessful. It is estimated that the output of the leading crops declined about 8.4%.

Raw Silk

Total raw silk exports are estimated at 289,382 bales, a decline of 25% as compared with 1939. Shipments to the United States are estimated at 254,810 bales, a decline of 23.1%. The existing depression in the raw silk industry has been due primarily to diminished demands of American importers although government price control, distribution control and the anti-luxury laws have also played an important part in depressing the market.

Rice

The final estimates for 1940 place the rice crop at 310,000,000 bushels which is 6.6% below the average of the last five years. There is a shortage of rice which will necessitate fairly extensive imports during 1941. Arrangements have been made to acquire 700,000 tons from French Indo-China on a barter basis. Further purchases may be necessary. It is probable that Japan will have to continue to import foreign rice in spite of government measures to increase production, to encourage the use of such substitutes as bread, noodles, potatoes and beans, and to enforce the use of mixtures of rice and barley.

Outlook for 1941

The trend of Japan's economy, not only for 1941, but for many years to come, depends almost entirely on the outcome of the European War. Certain progress has been made toward the realization of the two major objectives: the establishment of a highly organized national defense system, and the creation of a Greater East Asia Co-prosperity Sphere. Vast preparations for a more extensive war are now underway. All resources of this country, China and Manchuria are being mobilized, production of war materials and supplies is being speeded up, labor is being regimented and re-allocated, financial resources are being conscripted, foodstuffs are being preserved and legislation enacted giving the Government sweeping powers over all matters pertaining to national defense. Those efforts are being strongly supported by a large majority of the Japanese people notwithstanding the hardships and deprivations they envisage and those already being suffered from the four year embroilment in the war with China.

A certain degree of success has been achieved in the establishment of the Greater East Asia Co-prosperity Sphere with the subjugation of a good part of French Indo-China and the improvement of relations with Thailand, but actual consummation of this grandiose scheme depends entirely upon the nature and scope of interference offered by the United States and Great Britain. On this one issue rests the destiny of Japan. Any attempt to forecast the trend of developments during the coming year, therefore, must be prefaced by an emphatic "If-Japan-Is-Not-Drawn-Into-the-European-War".

Regardless of whether Japan becomes embroiled in the European War, her general economy during 1941 must inevitably continue the recessionary trend which prevailed during 1940. Demands on industrial production will certainly be intensified, as will the difficulties to be encountered in securing adequate supplies of raw materials, labor, coal and electric power. The vanishment of the United States as a reservoir of essential materials will leave a wide gap in the supply and demand position, one impossible of bridging by shuffling sources of supply. Stocks on hand are an enigma, but it is believed that these represent a very limited quantity. With the declining efficiency of transportation facilities, particularly shipping, it will be increasingly difficult to obtain delivery of even the limited volume of materials available in Manchuria, China and French Indo-China. A greater stringency must, therefore, also be exercised in the supply of civilian demands, with even further curtailment of daily necessities.

From a financial standpoint the strain of national bond absorption will be felt more acutely than heretofore for business profits will decline, commodity prices will advance, production costs rise, and living expenses mount to record levels. Numerous methods will be employed to augment national savings and to more completely concentrate all financial resources in the hands of the Government. Foreign exchange will be more rigidly controlled but money will be of secondary importance for this is the era of commodities, not money. Continued tension will most likely prevail in the money market from loss of equilibrium between the supply and demand of capital. All financial institutions will become further weakened from the surfeit of national bond holdings, and the nation will be drawn several steps nearer to the brink of financial disaster. However, no actual collapse is anticipated during 1941.

Japan's international relations are very problematical for if all international diplomacy is to be governed by Axis motives, relations with many countries, the United States in particular, are fraught with much danger. Commercial relations therefore will be seriously impaired, and foreign trade with dollar and sterling areas notably reduced in spite of the sore need for essential materials. To offset this loss in trade the military will attempt to squeeze more goods out of China and French Indo-China, greater pressure will be brought to bear on the Netherlands East Indies and other prospective segments of the Co-prosperity Sphere, and larger uses made of synthetic products. Also, a more extensive utilization of the yen in the settlement of international accounts will be attempted to ease the pressure on foreign exchange balances. Export trade with other areas will be vigorously pursued through compensatory trade agreements and the barter system to insure the largest possible quantities of imports of essential goods. Nevertheless, a sharp drop in both exports and imports is expected.

A further aggravation in agricultural conditions is expected due to more pronounced shortages of fertilizers, labor, farm implements and farm animals despite the official measures instituted to augment supplies and the extension of State control over distribution and consumption of farm products. No optimism is warranted for increased grain production, and the outlook for the raw silk industry is extremely gloomy as this product is faced with the probable loss of its chief market and main source of revenue. The government's price fixing policy precludes all possibilities of any broad advance in agricultural prices or lands. Farm income, therefore, will show little

improvement, financial problems will be intensified, and living conditions will grow worse. Furthermore, positive participation in bond purchases by the rural population. Despite this discouraging picture the actual living conditions of the farming classes will not be as adversely affected by the repercussions of the China Incident and the European War as those of the urban population.

Admittedly Japan is faced with desperate economic, financial, commercial, political and social problems, the solution of which is largely in the hands of idealists and military opportunists. She is following very closely in the steps of Germany and making almost all the economic mistakes Germany made in the World War of 1914-18. She has yielded to the dangers of controlled economy, has exposed herself to economic and military pressure from the United States and Great Britain, has assumed the responsibility for the defiant isolation of East Asia, and has cast her destiny in with that of Germany. In every respect the nation is weaker today than she was before the advent of the China Incident. There are many indications of the disintegration of economic, financial and social structures, but there are not sufficient signs to warrant a definite statement that an immediate collapse is inevitable.

Japan's salvation in 1940 was Germany's success and the collapse of France, which enabled Japan to obtain urgently required supplies, especially rice, from French Indo-China. For 1941, her stake is in the Netherlands East Indies and in the bargaining power of those vital materials, such as tin and rubber obtainable there and absolutely essential to the economic and defense programs of the United States.

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ISSUED BY THE INTELLIGENCE DIVISION
OFFICE OF CHIEF OF NAVAL OPERATIONS
NAVY DEPARTMENT

APR 1941

INTELLIGENCE REPORT

Serial No. 44 (Start new series each year, i. e. 1-40, 2-40)

Monograph Index Guide No. 1000 (To correspond with SUBJECT given below. See O. N. I. Index Guide. Make separate report for each main title.)

From Naval Attaché (Ship, fleet, unit, district, office, station, or person) at Tokyo Date 19 March, 1941

Reference (Directive, correspondence, previous related report, etc. if applicable)

Source Various (As official, personal observation, publications, press, conversation with—identify when practicable, etc.) Evaluation Reliable (As reliable, doubtful, unverified, etc.)

Subject Japan (Nation reported on) Aviation (Main title as per index guide) (Subtitles) (Make separate report for each title)

BRIEF.—(Here enter careful summary of report, containing substance succinctly stated; include important facts, names, places, dates, etc.)

[redacted]

GERMAN AVIATION MATERIAL DELIVERED TO JAPAN

Having been transported via the Trans-Siberian Railroad, the following German aviation material was recently delivered here:

5 Heinkel HE 111 bombers.

10 Junkers JU 88 bombers.

10 Messerschmidt ME 109 SSF.

16 1000 HP Jumo engines, and

15 Torpedo speed boats.

DECLASSIFIED
E.O. 11652, Sec. 3(E) and 5(D) or (E)
OSD letter, May 3, 1972
By RT, NARS Date MAY 21 1973

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Nav.	Ord.	T. & D.	C. & R.	Eng.	S. & A.	M. & S.	Aero.	U. S. M. C.	C. in C. U. S.	Com. Sub. For.	Com. Sec. For.	C. in C. A. F.	Com. Sperm.	Com. Aero.	F. A. T. U.
Attached at			Op.-16/11	Op.-12	Op.-13	Op.-14	Op.-20	Op.-21	Op.-22	Op.-23	Op.-24	Op.-25	Tenth	Com. marine	Maritime Com.
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U. S. GOVERNMENT PRINTING OFFICE 16—15-602

Report No. 44
Japan
19 March 1941

1000 - Aviation

[redacted]

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GERMAN AVIATION MATERIAL DELIVERED TO JAPAN

The quantities of German planes and engines tabulated below were checked at Harbin, enroute to Japan, having been shipped via the Trans-Siberian Railroad:

Quantity	Type	Remarks
5	Heinkel HE 111	Complete with 2 Daimler-Benz 1000 HP #601 engines. Max. speed 274 m.p.h., cruising 230 m.p.h. 3-7.7 m.m. MG's Bombs 8-550 kg.
10	Junkers J.U.88 (TEB)	Without engines. Generally fitted with 2 Jumo 211, 12 cyl. inverted V liquid cooled engines. 1939 speed record, 320 M.P.H.
10	Messerschmidt ME 109	DB 601 engines, 1150 HP 1 cannon 4 MG's
60	Jumo engines #211,	1000 HP
15	Torpedo speed boats	

It is thought probable that jigs, machine tools and technical assistance for construction of the prototype planes in Japan are being carried aboard the "ASAKA". (See N/A Tokyo Report No. 24-41)

The Japanese will undoubtedly make some minor modifications to the German aircraft to suit their own peculiar requirements but the planes will be recognized from the original models*

(*Enclosure:
original

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ISSUED BY THE INTELLIGENCE DIVISION
OFFICE OF CHIEF OF NAVAL OPERATIONS
NAVY DEPARTMENT

APR 18 1941

INTELLIGENCE REPORT

Serial No. 45 (Start new series each year, i. e. 1-40, 2-40)

Monograph Index Guide No. 10. 300-300 (To correspond with SUBJECT given below. See O. N. I. Index Guide. Make separate report for each main title.)

From Naval Attaché (Ship, fleet, unit, district, office, station, or person) at Tokyo Date 22 March 19 41

Reference (Directive, correspondence, previous related report, etc. if applicable)

Source Official (As official, personal observation, publications, press, conversation with—identify when practicable, etc.) Evaluation Reliable (As reliable, doubtful, unverified, etc.)

Subject Japan (Nation reported on) Finance (Main title as per index guide) Budgets (Subtitles) (Make separate report for each title)

BASIS.—(Here enter careful summary of report, containing substance succinctly stated; include important facts, names, places, dates, etc.)

GOVERNMENT BUDGET - FISCAL YEAR 1941-42

The Japanese budget for the fiscal year 1941-1942 is as follows:

General Accounts.....	¥ 6,863,261,210
Supplementary Account....	1,131,849,423
Extraordinary Military Expense.....	4,880,000,000
	¥ 12,875,110,633

The budget will be balanced by issuing bonds amounting to ¥7,574,000,000.

The Army and Navy share of the budget amounts to more than 63%. A summary of these budgets is as follows:

Basic Budget		
Army	¥ 1,387,000,000	
Navy	1,241,000,000	
		¥ 2,628,000,000
Supplementary Budget		
Army	¥ 313,000,000	
Navy	309,000,000	
		¥ 622,000,000
Extraordinary Military Expenses.....		¥ 4,880,000,000
Total.....		¥ 8,130,000,000

There are, in addition to the above, considerable sums appropriated for other government departments which are to a considerable extent controlled by the Army and Navy.

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U. S. GOVERNMENT PRINTING OFFICE 16—18408

Report No. 45
Japan
22 March 1941

300 - Finance
302 - Budgets

GOVERNMENT BUDGET - FISCAL YEAR 1941-42

The 1941-1942 Budget as passed by the 76th Diet is as follows:

Basic General Budget:

	Ordinary	Extraordinary	Total
Imperial Household	¥ 4,500,000	¥ ----	¥ 4,500,000
Foreign	23,875,536	46,642,118	70,517,654
Home	382,988,983	214,378,445	597,367,428
Finance	1,330,938,266	804,667,911	2,135,606,177
War	330,516,659	1,057,174,995	1,387,691,654
Navy	464,345,187	776,688,927	1,241,034,114
Justice	55,280,925	5,824,237	61,105,162
Education	182,743,373	31,079,601	213,822,974
Agriculture & Forestry	69,818,911	158,513,980	228,332,891
Commerce & Industry	10,551,509	185,834,007	196,385,516
Communication	361,090,188	105,239,984	466,330,172
Overseas	3,473,306	76,982,089	80,455,395
Welfare	100,718,512	79,393,561	180,112,073
Total....	¥3,320,841,355	¥3,542,419,855	¥6,863,261,210

Supplementary Account:

Foreign	592,848	6,696,977	7,289,825
Home	65,473	14,080,999	14,106,472
Finance	261,600,396	15,859,666	277,460,062
War	47,018,957	265,684,346	312,703,303
Navy	213,682	308,738,000	308,951,682
Justice	483,007	1,244,936	1,727,943
Education	3,428,465	49,399,630	52,828,095
Agriculture & Forestry	13,404	77,087,005	77,100,409
Commerce & Industry	128,691	50,844,164	50,972,855
Communications	7,138	16,721,913	16,729,051
Overseas	18,000	4,985,541	5,003,541
Welfare	117,200	6,987,676	7,104,876
Total.....	¥ 313,518,570	¥ 818,330,853	¥1,131,978,114

Extraordinary Military Expense:

Army) Navy)	¥ 4,100,000,000
Reserve Fund	780,000,000
Total	¥ 4,880,000,000

The total of the foregoing accounts is as follows:

General Accounts	6,863,261,210
Supplementary Account	1,131,849,423
Extraordinary Military Expense	4,880,000,000
	¥12,875,110,633

Income:

The revenues by which it is planned to meet the expenses connected with the Basic General Budget are as follows:

a.) Ordinary Account

Taxes	¥	2,905,287,483
Stamp receipts		142,352,218
Receipts from Government Enterprises and property		515,671,348
Contributed from Special Accounts of Communications services		82,000,000
Contributed by Bank of Japan		51,876,375
Miscellaneous receipts		86,317,172
Transferred from Special funds		7,015,933
Total Ordinary Revenues	¥	3,790,520,529

b.) Extraordinary Account

Extra profit tax	¥	784,159,227
Special corporation tax		660,463,697
Sales of Government property		7,083,023
Contributed by public bodies to expenses for public works		7,615,057
Shares of public bodies in public works		14,554,523
Receipts in Encouragement Fund for scientific research		26,000
Transfers from Special accounts		7,899,088
Contributed by insurance companies		3,352,169
Receipts in Compensation Funds		4,549,350
Receipts in Ordinary sources from Special accounts		6,700,000
Miscellaneous receipts		275,851,864
Receipts from issue of public loans		1,879,298,126
Surplus brought forward from previous fiscal year		80,498,915
	¥	3,072,740,681
Total Revenues (Ordinary and Extraordinary)	¥	6,863,261,210

The revenues by which it is planned to meet the expenses of the Supplementary Account are as follows:

Extraordinary Account

Contributed by public bodies to expenses for public works		1,000,000
Share of public bodies for public works		725,000
Donations for scientific research		1,000
Receipts in compensation funds		4,899,578
Miscellaneous		571,000
Bond issues		1,124,652,845
Total	¥	1,131,849,423

The revenues by which the appropriation for the Extraordinary Military Expenses are to be met are stated as follows:

War funds (probably Bonds)..... ¥4,880,000,000

The following table is a comparison of the totals in the 1940-41 and 1941-42 budgets:

	1940-41	1941-42
Basic General Budget	¥ 5,822,962,303	¥ 6,863,261,210
Supplementary Budget	274,379,131	1,131,849,423
Extraordinary Military Expenses	4,460,000,000	4,880,000,000
Totals.....	¥ 10,557,341,434	¥ 12,875,110,633

To the above total of ¥10,557,341,434 should be added ¥1,000,000,-000 approved by the recent Diet for "Extraordinary Military Expenses" for February-March 1941. The ¥4,880,000,000 for "Extraordinary Military Expenses" for 1941-42 is to cover expenses only up to January 1942.

Bonds to be Issued

During the fiscal year 1941-42, the following bonds are to be issued:

Basic General Account.....	¥ 3,003,000,000
Supplementary Account.....	593,000,000
Extraordinary Military Expenses.....	3,977,000,000
Total.....	¥ 7,574,000,000*

* - To this total should be added ¥990,000,000, the amount of bonds to be floated to cover the "Extraordinary Military Expenses" for February-March 1941, which are to be issued after April 1941.

Summary of Army and Navy Budgets
1941-42

	(Unit: 1,000,000)	
General Basic Budget		
Army	1,387	
Navy	1,241	2,628
Supplementary Budget		
Army	313	
Navy	309	622
Extraordinary Military Expenses		4,880
Total		8,130

Amounts allocated to the Army and Navy represent 63% of the entire budget. However, even this does not represent the full amount for military purposes since there are large amounts in other government department budgets which have a direct bearing on the military forces and over which they exercise certain supervision.

The following are some of the items in government departments other than the Army and Navy which are directly or indirectly connected with the Armed services:

Basic General Budget
Ordinary Account
Expenditures
Finance Department

1. Construction of drawing room, etc. of Naval Aviation Department.....	243,276
2. Moving and construction expenses of Naval Paymaster's School, etc.....	2,300,000
3. Construction of Naval Medical School Dormitory, etc.....	300,000

Ordinary Account(Cont'd)

Finance Department(Cont'd)

4. Replenishment of shipbuilding loan fund		1,843,649
5. Administration expenses of Cabinet Asiatic Development Bureau.....		25,771,010
Pay.....	4,529,438	
Office Expenses.....	13,241,572	
Confidential Fund.....	8,000,000	
6. Meteorological observation in China.....		1,079,550
7. For cultural work of Cabinet Asiatic Development Bureau.....		20,000,000

Education Department

8. Navigation training expenses.....		269,566

Communication Department

9. Seamen's Training Institute.....		374,037
Pay.....	67,410	
Various expenses.....	306,627	

Welfare Department

10. Allowances to families of the war-killed...		61,820,469

Extraordinary Account

Expenditures

Commerce and Industry Department

11. For making Japan self-supporting in liquid fuel		28,443,057
Pay.....	161,280	
Various work.....	704,511	
Subsidies.....	25,247,371	
Subsidies for storing oil.....	2,329,895	

Communication Department

12. Shipbuilding subsidies.....	17,261,499
(Subsidies paid to shipping companies for constructing vessels in accordance with specifications drawn up by the Ministry after consulting with the Navy)	
13. Subsidies for special facilities of ships..	210,580
14. Subsidies for government-directed routes...	13,175,654
(Navigation subsidies (subsidy paid to steamship companies for maintaining fixed number of runs on certain specified routes)	

Overseas Department

15. Expenses connected sending emigrants to Manchuria.....	49,842,527

Supplementary Budget

Extraordinary Account

Formosan Government General

16. Construction of large-sized repair dock....	165,141
17. Various facilities in South China and South Seas	8,002,948
18. Subsidies for development of oil fields....	2,126,250
19. Subsidies for oil storage.....	73,946
20. Subsidies to government-directed sea routes	1,655,350

Foreign Office

21. Japan-German-Italian Mixed Technical Committee Expenses.....	1,373,206

N. N. I. 96—1940

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ISSUED BY THE INTELLIGENCE DIVISION
OFFICE OF CHIEF OF NAVAL OPERATIONS
NAVY DEPARTMENT

INTELLIGENCE REPORT

Serial No. 49 (Start new series each year, i. e. 1-40, 2-40)

Monograph Index Guide No. 1000-1006 (To correspond with SUBJECT given below. See O. N. I. Index Guide. Make separate report for each main title.)

From Naval Attaché (Ship, fleet, unit, district, office, station, or person) at Tokyo Date 24 March, 1941

Reference (Directives, correspondence, previous related report, etc. if applicable)

Source Official (As official, personal observation, publications, press, conversation with—identify when applicable, etc.) Evaluation (As reliable, doubtful, unverified, etc.)

Subject Japan (Nation reported on) Aviation (Main title as per index guide) Commercial (Subtitles) (Make separate report for each title)

RELEV.—(Here enter careful summary of report, containing substance succinctly stated; include important facts, names, places, dates, etc.)

CIVIL AVIATION ITEMS IN BUDGET - FISCAL YEAR 1941 - 1942

Civil Aviation appropriations in the 1941-1942 budget total ¥66,040,413. Since there is direct government and, therefore, military supervision of civil aviation in Japan, it may be said that these funds are for the purpose of training pilots and improving the aviation facilities for the military services.

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Nav.	Civil	T. & D.	C. & R.	Eng.	S. & A.	M. & E.	Aeron. ✓	U. S. M. C.	C. in C. U.S. Fl. ✓	Com. Bat. For.	Com. Sco. For.	C. in C. A. F.	Com. Sparron.	Com. Airron.	F. A. T. U. ✓
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U. S. GOVERNMENT PRINTING OFFICE 16—13402

Report No. 49
Japan
24 March 1941

1000 - Aviation
1006 - Commercial

CIVIL AVIATION ITEMS IN BUDGET - FISCAL YEAR 1941 - 1942

The funds appropriated for civil aviation in the 1941-1942 budget amount to ¥66,040,413. It is possible that there are in addition other funds to be used for civil aviation purposes. However, due to the vague wording of the budget, these cannot be positively indentified. The following are believed to be all of the important civil aviation items.

Since there is very little real civil aviation in Japan, it may be said that the ¥66,000,000 provided for in the government departments budget (other than the Army and Navy) is for the training of pilots and improvement of facilities for the military services.

Basic General Budget		
Department of Communications		
Maintenance expenses of Aviation Bureau		¥ 1,310,868
a) Pay	370,761	
b) Miscellaneous expenses	940,107	
Pilot Training Institute expenses		2,367,560
a) Pay	249,787	
b) Miscellaneous expenses	2,117,773	
Maintenance expenses for Central Aeronautic Research Institute		1,394,879
a) Pay	135,305	
b) Miscellaneous expenses	1,259,574	
Aviation Subsidies		844,837
Subsidies for Government-directed air routes		12,004,000
Subsidies for establishment and improvement flying fields		809,782
Training expenses of pilots		3,675,000
Expenses for establishment of training facilities for pilots		18,370,062
Establishment and improvement of flying fields		1,642,854
Aeronautic research expenses		216,559
Expenses for establishing facilities for safe flying		1,122,145
Establishment of Central Aeronautic Research Institute		7,800,000
Indemnify aviation companies against losses		3,837,263
Expenses for making preparations for opening international air route		102,500
Korean Government General		
Facilities of air routes		2,001,882
Air defense communication facilities		900,000

Formosan Government General	
Development of air routes	634,448
Subsidies to government-directed air routes	1,904,000
Subsidies to aircraft repairing companies	140,000
Subsidies to private aviation companies	80,000
Subsidies to Air Defense Association	20,000
Air defense and guard expenses	2,401,313
Saghalien Prefecture	
Establishment of flying fields	400,000
Air defense and guard expenses	832,429
South Sea Islands	
Complete aviation communication facilities	1,228,032
T o t a l.....	66,040,413

N. N. I. 96—[illegible]

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MAY 17 1941

ISSUED BY THE INTELLIGENCE DIVISION
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NAVY DEPARTMENT

INTELLIGENCE REPORT

Serial No. 58
(Start new series each year, i. e. 1-40, 2-40)

Monograph Index Guide No. 505-100
(To correspond with SUBJECT given below. See O. N. I. Index Guide. Make separate report for each main title.)

From Naval Attaché at Tokyo Date 23 April, 1941
(Ship, fleet, unit, district, office, station, or person)

Reference
(Directive, correspondence, previous related report, etc. if applicable)

Source Official
(As official, personal observation, publications, press, conversation with—identify when practicable, etc.)

Evaluation Reliable
(As reliable, doubtful, unverified, etc.)

Subject Japan Merchant Marine Government Policy
(Nation reported on) (Main title as per index guide) (Subtitles) (Make separate report for each title)

Basic.—(Here enter careful summary of report, containing substance succinctly stated; include important facts, names, places, dates, etc.)

91

SHIPPING PROTECTION LAW

The Shipping Protection Law which became effective on 20 April is designed to:

(a) Afford protection to Japanese shipping in time of war.

(b) Enable the Navy Department to issue orders to merchant vessels in regard to navigation, anchorages, cargo, crews, passengers, etc.

(c) Place merchant shipping under naval control as regards shipping facilities, crews, etc. in time of war.

(d) Penalize shipowners, operators and captains who violate Navy Department instructions.

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Nav.	Ord.	T. & D.	C. & R.	Eng.	S. & A.	M. & R.	Aero.	U. S. M. C.	C. in C. U. S.	Com. Bat. For.	Com. Sea. For.	C. in C. A. F.	Com. Spec.	Com. Aero.	F. A. T. U.
Attached at			Op-10/11	Op-12	Op-13	Op-14	Op-20	Op-21	Op-22	Op-23	Op-29	Op-30	State	Com. [illegible]	Maritime Com.
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U. S. GOVERNMENT PRINTING OFFICE 16—[illegible]

Report No. 58
Japan
23 April 1941

505 - Merchant Marine
100 - Government Policy

SHIPPING PROTECTION LAW

The Shipping Protection Law, promulgated on 17 March 1941 was made effective by Imperial Ordinance on 20 April 1940.

The law reads as follows:

Article 1

The present Law aims at protecting shipping against enemy attacks or other military risks and damages when commerce and navigation of the Japanese Empire are threatened or are liable to be threatened in time of war, incident or other circumstances.

Article 2

The naval authorities, in cases where it is necessary for the protection of shipping in time of war, incident or other circumstances, may, as stipulated by order, issue appropriate and necessary instructions to shipping industrialists, ship-owners or captains of ships (inclusive of those executing duties on behalf of captains, herein as well as hereinafter) concerning the navigation, anchorage, communication, equipments, crew, passengers, cargo, etc. of ships.

Article 3

The Minister of Navy, in cases where it is necessary for protecting shipping in time of war, incident or other circumstances , may, as stipulated by order, give necessary instructions to shipping industrialists or ship-owners (inclusive of those placing orders for the building of ships, herein as well as hereinafter, except in the case as provided by Clause 1 of Article 4) concerning the facilities of ships or replenishment of members of the crew.

The Minister of Navy, when issuing orders as provided by the preceding Clause or giving instructions as provided by the same Clause, shall consult competent Ministers (inclusive of the Governor-General of Korea, Governor-General of Formosa and Governor of Japanese Saghalien).

Article 4

The naval authorities may, as stipulated by order and concerning the items as indicated by the instructions as provided by Article 2, have shipping industrialists, ship-owners or captains of ships make reports, or make inspection or examination of ships or other necessary places.

The Minister of Navy, in cases where it is necessary concerning the items as indicated by instructions as provided by Clause 1 of the preceding Article, may have shipping industrialists or ship-owners make reports or have competent authorities make inspection or examination of ships or other necessary places.

Article 5

Those who fail to obey instructions as provided by Article 2 or Clause 1 of Article 3 shall be subject to penal servitude not exceeding 5 years, or a fine not exceeding two thousand yen (¥2,000).

Article 6

Those who have obstructed the execution of duties by captains of ships in accordance with instructions as provided by Article 2 shall be subject to penal servitude not exceeding six months or a fine not exceeding five hundred yen (¥500).

Penalties as provided by the preceding Clause shall be applied to those who have failed to make reports as provided by Article 4, or those who have made false reports, or those who have refused, obstructed or evaded the inspection or examination as provided by the same Article.

Article 7

Shipping industrialists or ship-owners, in cases where their managers or other representatives or captains of ships or other employees have committed violations as provided by Article 5 or the first part of the second Clause of the preceding Article concerning their duties, cannot be exempted from punishments for the reason that they were not committed by their direction.

Article 8

Punishments as provided by Article 5 and the first part of Clause 2 of Article 6 shall be applied to Riji (Governors), Torishimariyaku (Directors, or other officers executing the duties of juridical persons in case of juridical persons, and to legal representatives in case of minors or incompetent persons, except in the case of minors who are adjudged as having the same ability as grownup persons concerning a business.

Article 9

In the cases as provided by the preceding two Articles, the punishment by penal servitude cannot be applied.

Article 10

Punishments as provided by Article 5 and the first part of Clause 2 of Article 6 shall be applied to acts committed by the representatives, agents, employees or other operatives of juridical persons having their head offices or main offices in the territory where the present Law is in operation, even in places in which the present Law is not being enforced. The same shall be the case with acts committed by those having their residences in the territory where the present Law is in operation, or their agents, employees or other operatives, in places where the present Law is not being enforced.

Article 11

Punishments applicable to shipping industrialists or shipowners as provided by the present Law shall not be applied to the State, Prefectures, Cities, Towns, Villages and other public bodies.

Article 12

The present Law shall not be applied to vessels belonging to the Army and Navy.

Supplementary Rule

The time of enforcement of the present Law shall be determined by Imperial ordinance.

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ISSUED BY THE INTELLIGENCE DIVISION
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INTELLIGENCE REPORT

Serial No. 66
(Start new series each year, i. e. 1-40, 2-40)

Monograph Index Guide No. 500-505
(To correspond with SUBJECT given below. See O. N. I. Index Guide. Make separate report for each main title.)

From Naval Attaché (Ship, fleet, unit, district, office, station, or person) at Tokyo Date 28 May 1941

Reference (Directive, correspondence, previous related report, etc. if applicable)

Source American Consul, Kobe (As official, personal observation, publications, press, conversation with—identify when practicable, etc.)

Evaluation Reliable (As reliable, doubtful, unverified, etc.)

Subject Japan (Nation reported on) Commercial (Main title as per index guide) - Merchant Marine (Subtitles) (Make separate report for each title)

Brief.—(Here enter careful summary of report, containing substance succinctly stated; include important facts, names, places, dates, etc.)

SHIPPING IN THE JAPANESE EMPIRE DURING APRIL, 1941
As Reported by American Consulate, Kobe, May 21, 1941

An authoritative review of shipping in the Japanese Empire for the month of April 1941. It should be noted that:

a) The Central Marine Transportation Control Association has set up a priorities system whereby space applications for shipments of petroleum, rice, salt and coal are granted and space for other commodities reduced by approximately 25%.
b) Only three ships of 10,950 deadweight tons are known to have been launched during the months of March and April.
c) Due to the shortage of iron and steel, a plan to build wooden vessels is being formulated.
d) The heavy concentration of shipping in the nearseas trade and in the South Seas continues.
e) The number of foreign vessels calling at Japanese ports has decreased greatly.

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Nav.	Ord.	T. & D.	C. & R.	Eng.	S. & A.	M. & R.	Aero.	U. S. M. C.	C. in C. U. S.	Com. Bat. For.	Com. Sub. For.	C. in C. A. F.	Com. Spec.	Com. Aircr.	F. A. T. U.
Attached at		Op.-10/11	Op.-12	Op.-13	Op.-14	Op.-20	Op.-21	Op.-22	Op.-23	Op.-30	Op.-31	State	Com. Marines	Maritime Com.
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U. S. GOVERNMENT PRINTING OFFICE 16—15-[illegible]

Report No. 66
Japan
28 May 1941

500 - Commercial
505 - Merchant Marine

SHIPPING IN THE JAPANESE EMPIRE DURING APRIL, 1941
As Reported by American Consulate, Kobe, May 21, 1941

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Report No. 66
Japan
28 May 1941

500 - Commercial
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SHIPPING IN THE JAPANESE EMPIRE DURING APRIL 1941
As Reported by American Consulate, Kobe, May 21, 1941

SHIPPING POLICY

Central Marine Transportation Control Association

1. The Central Marine Transportation Control Association during the month of April continued its new existence in cooperation with the Government as the main agency for controlling the assignment of Japanese ships and the nature of the cargos they carry. Conferences were held to strengthen practical means of ocean carrier-shipper cooperation. The Communications Ministry is reported to have urged that shippers of major commodities should establish groups or organizations classified as far as possible by commodities. Such shippers' associations are stated to be forming and thus will be important adjuncts in the system of granting priority transportation to key commodities with which the Central Marine Transportation Control Association and the Government are mostly concerned. In addition the subjects of more efficient stevedoring and effective utilization of available shipping were discussed and planned.

2. To facilitate nearseas cargo shipments the Sailing Ship Federation has been merged into the Central Transport Association. With the shortage of vessels available and the large quantities of cargo to be carried in the nearseas area this step was held necessary to fulfill the Government's transportation program. Although it is not generally realized abroad, Japan possesses a great quantity of small boats or schooners equipped with sail and a small oil burning motor that are estimated to have an aggregate carrying capacity not less than that of its steamships. Hence, great hopes are held in mobilizing this resource.

Operation of Joint Accounting System

3. As stated last month, the joint accounting system began on April 1 under the supervision of the Central Maritime Transportation Control Association. The most important effect has been in the allocation of freight shipping space in accordance with the relative importance of cargos. For the initial allocation schedule the Communications Ministry is reported to have made an average cut of approximately twenty five percent in the space applications of various shippers and commodities such as petroleum, cereals (rice), salt and coal have been granted priorities. Further cuts in the carriage of "non-preferred" commodities were decided upon by the authorities at a mid-month meeting to be effective for the month of May. On the basis of commodity transportation estimates which were submitted to the Government authorities it was stated to have been decided to reduce the allocation of vessels to carry only some sixty percent of the "non-preferred" commodities originally requested by shippers.

4. In the shipment of essential or key commodities the practice is said to be followed of having various Government Ministries submit estimates of their requirements for needed shipments during the approaching month. The definite plan of allotment for key commodities is then worked out by Communications Office officials, who then request the Central Maritime Transportation Control Association to allocate vessels to comply

with the decided program.

Standard Bunker Coal Rates Under Joint Freight Accounting System

5. In connection with the joint freight accounting system, which it is expected to administer for the participating companies, the Central Transportation Control Association is stated to have decided upon standard bunker coal consumption rates for all classes of ships. With reference to the price of bunker coal it is reported that there will be one rate of ¥19.50 a ton, whether it is loaded at Otaru, Miike, Wakamatsu, Dairen, Keelung or any other port in this area.

6. The Government approved coal consumption rates are given below:

Class of Ship	Standard Mileage of Navigation per day (Knots)	Consumption when cruising (Tons)	Consumption when at anchor (Tons)
10,000 tons	210	45	12
8,000/9,000	210	38	10
7,000	210	32	9
6,000	210	30	8
5,000	210	28	7
4,000	200	26	6
3,000	190	25	5
2,500	190	22	4
2,000	180	16	3

Unified Inland Sea Operations Proposed

7. In line with the national policy of controlling shipping it is reported that the Communications Office has approved a plan to consolidate steamship companies in service in the Inland Sea. The company, so itis stated, would have its capital furnished by all of the participating steamship companies, such as the Osaka Shosen Kaisha, Setsuyo Steamship, Toa Steamship, Awanokuni Kyodo Steamship, Amagasaki Steamship, Setonaikai Steamship, Ishisaki Steamship and Uwajima Transportation Companies. This capital most likely would be in the form of 300,000 to 400,000 tons of shipping turned over by the companies to the new organization.

CONSTRUCTION

Commercial Launchings

8. During the months of March and April the following commercial vessels were reported to be launched:

Name of Vessel	Deadweight Tonnage	Speed Knots	Class of Vessel	Dockyard	Owner
*TUKIKAWA MARU	6,800	14.5	Freighter	Kawasaki Heavy Industry Co.	Kawasaki Kisen
*TETUYO MARU	2,850		"	Harima Dockyard	Osaka Shosen
KYOEI MARU	1,300		Oil Tanker	"	Kyoei Tanker

(*Launched during March)

Extensive Construction of Wooden Schooners Planned

9. With the shortage of iron and steel and the need for quick building to answer the heavy carriage demands in the nearseas areas, now it is reported to be contemplated that wooden schooners or combination sail and small oil burning motor vessels would be built in quantity. These ships would be similar to the type found throughout the coastal services of Japan. The possibilities of the scheme are said to have induced the Japan coal company to plan the construction of sixty schooners for its use in carrying coal.

Shortage of Iron and Steel

10. Further reflecting the shortage of iron and steel in Japan emphasis is being placed upon campaigns to save metal. There is also a tendency to play up future planned salvage operations as a source of needed iron. In steel plants, as Mr. Hachisaburo Hirao, head of the Iron and Steel Control Association announced, "the supply of iron ore and coal is short as against manufacturing capacity. Due to this fact, the efficiency of blast furnaces and open hearths in Japan is on the decline, and the business of iron and steel manufacturing companies is steadily becoming more unfavorable".

Nagoya Shipbuilding Company

11. As this office has reported previously, the Uraga Dockyard and the Daido Steel Works are to set up the Nagoya Shipbuilding Company under their joint investment. A reported ¥7,000,000 capital is expected to start the new firm during May. The dock is stated to be adjacent to the Daido Machine Manufacturing Company, which the new company is expected finally to absorb.

Tatsuuma Steamship Company Building Two Ships

12. The Tatsuuma Steamship Company is stated to have secured Government permission for an increase of its capital stock to ¥70,000,000. Reports have it that the increase in capital will be utilized in the construction of two 9,800 ton standard type ships, which are now on the ways at the Kawasami Dockyard at Nagasaki. Work is being hurried to be able to commission them in the summer of 1942.

DOCKYARDS AND HARBOR WORKS

Kobe Harbor Extension

13. The present harbor expansion plan for Kobe is estimated to call for a total outlay of ¥26,850,000 over a period of eleven years, so it is reported. When completed however, it is envisaged that the port will have facilities for mooring more than sixty liners at a time and have a cargo handling capacity of more than 16 million tons a year or 6 million tons more than the present stated capacity.

SHIPPING CONDITIONS

Distribution of Tonnage

14. The heavy concentration of Japanese shipping in the nearseas trade and in the South Seas continued unchanged. The

figures for vessels over 2,000 tons deadweight for the end of march and April 10 are given below:

Area	March 31* No. of Vessels	March 31* Deadweight Tonnage	April 10** No. of Vessels	April 10** Deadweight Tonnage
European waters South American	9	88,833	10	99,705
African waters	1	10,779	1	10,779
Atlantic Coast of North America	19	188,344	17	168,805
Pacific Coast of North America	16	154,305	15	143,698
Australian waters	11	97,499	11	97,490
Indian waters	11	104,256	10	96,062
South Seas	111	927,469	114	951,830
Coasting	417	1,993,212	414	1,991,375
Docking	54	368,330	62	390,745
Others	252	1,731,788	255	1,751,660
Totals	901	5,664,815	909	5,702,149

(Note: The above totals exclude N.Y.K. and O.S.K. vessels)

Sales and Charter Market

15. No sales were reported coming to the Consulate's attention during the month of April.

16. With regard to the charter market it is reported that ship brokers are under the strict control of the Central Maritime Transportation Association and that there are increasing restrictions. Ship operators are claimed to be restricted through the newly established "management operation system," which reportedly permits a charter party, both shipowners and charters to be changed during the life of that contract. Under previous conditions such changes were virtually prohibited, but the object of the new system is announced as seeking to release shipowners from any undue advantage accruing to the charters by virtue of the pegged charter rates. Naturally such a change is disturbing to shipping firms relying upon chartered ships. It is stated by one source to be the outgrowth of the Communications Office plan to reduce the number of steamship companies by encouraging combinations of shipowners only.

Nearseas Shipping Activity

17. Brisk nearseas shipping has become the rule in this spring season. Coal, mineral ores and lumber are being carried in heavy quantities within nearseas area 1. In addition, northern fishing operations are calling forth quantities of ships. The great scarcity of shipping bottoms is still prevailing and is not accounted for by the volume movements of iron ores, phosphate rock and rice in nearseas area 2 and in the South Seas.

Regular Liners on Overseas Routes To Be Placed in Nearseas

18. The liner bloc of the Central Marine Transportation Control Association is stated to have met to discuss means of alleviating the nearseas shipping shortage during the coming brisk months. Representatives of all the regular liner companies reportedly decided that an undisclosed amount of overseas liner tonnage should be withdrawn for nearseas operations. This is the first time regular overseas liners are stated to be diverted for use in the local carrying trade and it is believed that the ships so assigned will be from those making port at the Philippines and at Rangoon. Drafting of additional liners is expected to follow.

Collier Operation to be Expanded

19. In addition to the iron ore vessels now operating between North China and Japan, it is reported to be planned to expand greatly the existing coal collier services. All Government Offices concerned are said to have agreed to the placing of coal transportation vessels upon a regular service basis to assure smooth distribution. From Chinwangtao, Lienyunshan and Tangku in North China the colliers would proceed to the large iron and steel war material manufacturing centers of Japan at Yawata and Hirohata in Kyushu. Additional colliers to Tokyo from the Hokkaido and Saghalien also are being contemplated by the authorities.

Absence of Foreign Shipping in Japan

20. In view of the trends of the European war, British and Allied shipping has practically ceased stopping at Japanese ports. The United States licensing program of commodities to be exported has greatly decreased the volume of cargo possible to be shipped to Japan. In April the Canadian Government is stated to have halted shipments of British Columbia hemlock logs to Japan. The Greek ships under Japanese charter have all practically completed their contracts and are being withdrawn from the Japan services to other areas for the British Government. Then too, with Government freight rates in Japan kept at such low figures when contrasted with world levels steamship companies do not find it profitable to carry Japanese freight. Instead of $6 Japanese porcelain they prefer to carry $20 Philippine sugar. An example of the artificial freight rate pegging now in force for Japan may be given in the rate of $20 per 1000 feet board measure of lumber from Portland to Japan, while the same cargo can be carried to Shanghai at more than double that figure, $43.50.

Japanese Ships Cargo Excluded by Underwriters from War Risk Reinsurance Rates

21. American underwriters are understood to have excluded vessels under the Japanese flag from the schedule of war risk

reinsurance rates on American cargo and they may obtain rates only upon application. British underwriters are stated to have taken similar steps.

Foreign Ships Require Domestic Pilots at Japanese Ports

22. During April the procedure was commenced of requiring all foreign vessels entering and leaving Japanese ports to take on native pilots. At the end of March a revision in the port regulations by the Communications Office is stated to have made this possible. It is claimed that formerly most foreign ships came into the port of Kobe without the aid of local pilots.

SHIPPING CONFERENCES

Trans-Pacific Freight Conference of Japan

23. With the other freight conferences in the Far East raising their rates at least ten percent it is reported that the matter is being negotiated to obtain the approval of the Communications Ministry to a like increase for the Trans-Pacific Freight Conference of Japan. Since the Japanese members of the conference are unable to take any steps in this direction without the approval of the Government, the outcome is still uncertain.

Far East Freight Conference and Maritime Commission

24. With freight rate shipments in the Far East Freight Conference to China and the Philippines being about twice those of the rates to Japan, it has been reported that the United States Maritime Commission wishes to revise what are termed "discriminatory freight charges," in view of the importance politically of the China and Philippine export markets to the United States. It is claimed the reason for the low rates to Japan lies in the control the Japanese Government exerts in this direction. However, the Maritime Commission is stated to be authorized to interrupt all goods coming to United States ports from countries that it establishes are discriminating against the United States.

Philippine-United States Shipping Conference Rate Increases

25. At a Manila meeting in April the Philippine-United States Shipping Conference is reported to have decided upon the following sizeable rate increases on eastward Pacific cargos effective May 10:

(Old rates in brackets)

Items	Pacific Ports	Atlantic Ports
Coconut Oil..... (Extract)	$26.50 ($16.50)	$31.50 ($21.50)
Coconut Oil..... (In containers)	28.00 (18.00)	34.00 (24.00)
Copra.....	25.00 (15.00)	30.00 (20.00)
Copra Meal.....	23.00 (13.00)	28.00 (18.00)
Hemp..... (Per bale)	5.60 (4.10)	7.00 (5.50)

SHIPPING SERVICES

Foreign Shipping Services

26. The greatest decline of vessels visiting Kobe is in ships of British registry, when in 1940 there were only 120 of

940,699 tons visiting the port. This may be compared with the previous year, with its 461 ships totalling 3,968,000 tons. Allies of Great Britain with their ships under British maritime control likewise have greatly reduced their number appearing in Japan. At present no British vessels are reported coming north of Hong Kong.

27. The American President Lines and the N.Y.K. are the only two passenger lines across the Pacific to North America at present. All of the President boats are reported sailing with greater than full capacity, with more vacancies available upon N.Y.K. vessels.

LABOR

Seamen's Training Schools

28. In June two seamen's training schools are expected to be opened to help overcome the shortage of seamen. Each school, one in Kobe and the other in Hakodate, is to open to give three month courses to about forty students over 15 years of age. Two more schools are said to be planned for Yokohama and Tobata.

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ISSUED BY THE INTELLIGENCE DIVISION
OFFICE OF CHIEF OF NAVAL OPERATIONS
NAVY DEPARTMENT

CONFIDENTIAL

INTELLIGENCE REPORT

Serial No. 67 (Start new series each year, i. e. 1-40, 2-40)

Monograph Index Guide No. 500-505 (To correspond with SUBJECT given below. See O. N. I. Index Guide. Make separate report for each main title.)

From Naval Attaché (Ship, fleet, unit, district, office, station, or person) at Tokyo Date 2 June, 1941

Reference (Directive, correspondence, previous related report, etc. if applicable)

Source American Consulate, Kobe (As official, personal observation, publications, press, conversation with—identify) Evaluation Reliable (As reliable, doubtful, unverified, etc.)

Subject Japan (Nation reported on) when Commercial (Main title as per index guide) - Merchant Marine (Subtitles) (Make separate report for each title)

Basis.—(Here enter careful summary of report, containing substance succinctly stated; include important facts, names, places, dates, etc.)

[redacted]

RECENT SHIPPING CONDITIONS IN JAPAN

A confidential report on recent shipping conditions in Japan prepared by the American Consul in Kobe. It should be noted that:

1.) Government shipping control measures show a distinct possibility that a Ministry of Shipping will be established and that the N.Y.K. and O.S.K. will be combined after a dispute between Mr. Ohtani of N.Y.K. and Communications Minister Murata, representing O.S.K.

2.) Japan's commercial construction policy is directed to building vessels convertible into troop carriers or commerce raiders. Kokusai Kisen Kaisha and N.Y.K. possess vessels of this type. Commercial shipbuilding construction is falling far behind schedule, with the scrap iron and materials shortages important factors, although metals are being diverted to war industries. Building maintains a fairly sound character, with welding inferior to American. Ship repairs are being greatly skimped. Danish diesel engine technicians have arrived to assist the Tama Shipbuilding Company.

3.) Tonnage distribution tables are thoroughly unreliable for nearseas and laid up ships. The extreme ship shortage is accounted for by large scale war movements to Formosa and Hainan Island. Stevedore shortages are a barometer of loadings.

4.) Foreign shipping firms in Japan are practically idle, with many closing. Nickel and Lyons, Ltd., on Government pressure, was taken over for Japanese management. The American President Lines is the only American shipping company occupied.

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Serial No. 67 Monograph Index Guide No. 500-505

From Naval Attaché at Tokyo Date 2 June 1941

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CONFIDENTIAL

Report No. 67
Japan
2 June 1941

500 - Commercial
505 - Merchant Marine

[redacted]

RECENT SHIPPING CONDITIONS IN JAPAN
As Reported by American Consulate, Kobe, 23 May, 1941

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Introduction

6. Recently a survey has been made of every foreign shipping source in the Kobe area friendly to the United States that could be approached with a view to obtaining the type of data regarding shipping conditions in Japan which could not be included in the general monthly shipping report prepared by this Consulate. The following report includes information given by some of the Consulate's informants, who in many cases are now preparing to leave or have already evacuated Japan. In deference to their wishes, specific sources are not named. It was felt necessary before such past useful contacts of this Consulate left the country that their confidential comments upon phases of Japanese shipping matters should be obtained and incorporated with those from sources at present remaining here. The following report is the result.

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Government Control of Shipping

7. With the question of wartime control of shipping in Japan there comes the discussion of the advisability of forming an independent Ministry of Shipping. Several sources with good knowledge of the subject of Government control of shipping have maintained that in their view it is perhaps only a matter of time until such an agency is formed, although as one aptly put it, for all practical purposes the country already has one. This is certainly true when one considers the great powers of allocating vessels and of selecting cargo that the Communications Ministry possesses through its supervised agencies such as the Central Marine Transportation Control Association.

8. Hand in hand with the belief in the inevitability of even more centralized shipping control is the idea held by all the Consulate's sources that some form of closer working arrangement, if not consolidation, is in store for the Nippon Yusen Kaisha and the Osaka Shosen Kaisha. The question was briefly raised in the Imperial Diet. All agree that the former N.Y.K. president, Mr. Ohtani, would be opposed to such a scheme, since he is reliably reported to have stated to one source that, in his belief, any company units larger than the present ones would be unwieldy. All agree that there would be a conflict on this question between Mr. Ohtani and Communications Minister Shozo Murata, former O.S.K. president. The latter is characterized by one who has known him well for years as an aggressive type of the "Osaka business man". In Japan this connotes one who is thoroughly materialistic and self-seeking, as contrasted with the supposedly more altruistic type of Tokyo business figure. It is stated that Mr. Murata, being personally ambitious, would desire to supersede Mr. Ohtani, an older man, as the leading figure in Japanese shipping. The influence of standing and age is important in all walks of Japanese life and it is thought probable that Mr. Ohtani could buck temporarily what is admittedly the consolidation trend in Japanese shipping. Two sources with sound bases for this belief state that in the event Mr. Ohtani relinquishes his shipping connections the matter of N.Y.K. - O.S.K. consolidation would be a certainty. Then, instead of two steamship companies operating with smaller subsidies, there would be one large organization with an expanded Government subsidy.

Commercial Construction Policy

9. In the view of this Consulate's best qualified technical informant, Japanese commercial ship construction policy may be summed up briefly as being the building of intermediate cargo liners of about 12,000 gross tons, capable of speeds not less than 15 knots with some approaching 19 knots, and which in time of war could serve the double purpose of troop transports and of commerce raiders.

10. The types of vessels best illustrating the country's construction policy are the three or four Kokusai Kisen Kaisha boats of the Kinkai Maru class, which are claimed to be capable of an all out speed of 21 knots. The six A class ships possessed by the N.Y.K. are stated to have gun mounting positions in the holds and between decks, to have a service speed of 17 knots up to 19 knots, and to be intended definitely as commerce raiders.

Commercial Shipbuilding

11. All of the sources consulted possessing any knowledge of the progress of Japanese commercial shipbuilding agreed that the country is far behind in its construction program. One contact, whom the Consulate believes the most authoritative in this regard, stated his belief that Japan was fully two years behind schedule. The Consulate's Japanese construction figures, which were reported previously, show that in 1940 commercial construction dipped below 400,000 tons. The Consulate's last mentioned informant stated his firm view that the figure was as low as 360,000 tons. Every quarter approached agreed that in 1941 commercial construction is going still lower than last year. The Kawasaki and Mitsubishi shipbuilding yards at Kobe are offered as examples of this, with the rate of launchings being considered well below that of last year.

12. Meanwhile, commercial launching announcements are withheld, so that the Kasuga Maru (16,500 tons), the sister ship of the two N.Y. K. ships placed in service last year, the Nitta Maru and Yawata Maru, was reported as being quietly launched at Nagasaki this month and now in the process of being fitted out.

13. The N.Y.K. had announced with a fanfare of publicity at the beginning of this year that its two great 27,500 gross ton liners of about 650 feet length, the Kashiwara Maru and the Izumo Maru, would be launched this year. The Kashiwara Maru is being built at the Kawasaki Dockyard, Kobe, while its sister ship is being constructed at the Mitsubishi Yard in Nagasaki. However, their launchings are stated to be delayed, for it is most reliably affirmed that the vessels are being converted into auxiliary aircraft carriers.

The Scarcity of Shipbuilding Materials

14. Admittedly there is a scarcity of shipbuilding materials, most important being iron and steel. There is some debate whether the decline in shipbuilding comes from lack of material in the country or from the fact that it is being diverted into the manufacture of war materials. In the main, Kobe shipping circles agree that the diversion to other purposes is the main reason for the shortage. The fighting services

appear to decide this, and Mr. Hachisaburo Hirao, head of the Iron and Steel Control Association, is stated to have indirectly complained that "apart from the unsatisfactory distribution of iron and steel", steel materials have often been found concentrated in special quarters.

15. Scrap iron is needed for good quality shipbuilding steel in Japan, but the ratio of pig iron has had to be increased to such a high percentage that the quality, this office's sources agree, has suffered.

16. On the amount of scrap iron available in Japan since the United States' embargo there are conflicting reports, with two of the most reliable informants in disagreement. One does not hesitate to say that there is scrap iron for six months' production remaining before the pinch will be really felt. The second source referred to believes the situation at the moment is much more acute from the scrap iron shortage angle. Both contacts agree - and with good basis for their opinions in view of their technical capacities and wide Japanese sources of information - that capacities of steel mills which are making specified shipbuilding steel have been extended and that new ones have been started. Although reports differ on the amount of present activity in steel mills, it can be assumed on the basis of a compound of views that within several months the scrap iron shortage will have become very real, and, since large quantities are essential in Japan's manufacture, an actual iron and steel shortage, regardless of diversion to "special quarters", will be a reality.

17. A shipping source gave the illuminating story of recently being told by a shipyard owner that, at the time, the keels of two ships lay in his yard and that building had proceeded no further for several weeks because of his inability to secure additional materials, despite promises. Paint for the ships' bottoms likewise had not been obtained.

Technique and Repairs

18. In welding, one of the great new shipbuilding developments, Japanese technicians are emphatically reported to be far behind the United States. Technical sources consulted state that this is indisputable. An example of this is claimed to be a light Japanese naval ship, launched last year, which was welded at Kobe dockyard and was forced to lay up for extensive welding repairs on two separate occasions in connection with two trial runs.

19. General shipbuilding and engine construction is considered to be still maintaining its standards of good, plain, sound workmanship.

20. Repairs are now becoming quite a problem. Lloyds' Register of Shipping, which still surveys 1,500,000 tons of Japanese shipping despite the Japan Committee of Lloyds' Register being recently dissolved for nationalistic reasons, claims that in the tonnage surveyed they are forced to overlook many defects and skimpy repairs. Work is passed that could never qualify to standards outside of Japan, since decisions are now necessitated in Japan by the scarcity of repair materials.

21. At present Japanese shipping is considered to be "living on its fat", so to speak, since previous to the "Incident" Japanese ships were said to be laid up under Government orders for at least one ten day period a year for general repairs. This is considered to have been an extremely high period for repairs in contrast with the policy followed in other countries. However, as a result the ships were in tip-top condition. Now they are not able to get this attention, and vessels of about the fifteen year class are beginning to be seriously in need of extensive overhauling.

Foreign Technicians

22. Despite the adherence of Japan to the Tripartite Pact and the Axis Powers, in shipbuilding the country seems to be depending upon its own technicians. The only deviation from this rule of which the Consulate and its informants are aware appears to be the arrival three months ago of three technical experts from the firm Burmeister and Wain, Copenhagen, which concern manufactures high speed diesel engines. These men, claimed to be a Mr. Hansen, a Mr. Knudson and a Mr. Draminsky, are stated to have established an office in Kobe and to be assisting their company's sole Japanese licensee, Mitsui's Tama Shipbuilding Company.

Distribution of Tonnage

23. Every shipping source consulted states that the shortage of shipping in the nearseas area of Japan cannot be explained by the volume of cargos being carried. With ships withdrawn from overseas routes and concentrated in East Asia it is maintained that the reasons officially offered for the shortage are very thin. It can only be explained by what is realized to be extensive transports of troops and military equipment. Persons with sufficient background, when asked the destinations of such movements, expressed their belief that they were directed toward Formosa and Hainan Island, the impression being that Japan was building up great supplies at the latter place as a jumping off base southward.

24. Weak excuses for the shortage of shipping have been offered by the April issue of the Oriental Economist in the following terms:

> "Many are in drydock undergoing repairs, and others are moored for other needed attention, while still others have been badly damaged by marine accidents. The result has been that the idle tonnage is 761,000 tons greater than at the same time a year ago. This idle tonnage is partly attributed to the fact that shipowners prefer the prevailing comparatively slack season in which to effect needed repairs, but there is the suspicion that vessels in general have been subjected to unduly hard work during the summer months last year."

25. It should be noted that the materials shortage hardly gives any basis for the extensive ship repairs being done, as stated by the above journal. In addition, the factor of greatly increased "idle" tonnage is a definite indication the other way, since it is well known that outside of the tonnage figures published for overseas shipping (something which can be easily checked by an interested country) the other figures of laid up and nearseas shipping are absolutely unreliable.

Stevedoring

26. Foreign shipping sources determine the extent to which so-called secret shipments are being made from the Hanshin (Kobe - Osaka) area by using the supply of stevedores as a barometer. For example, the last few weeks a sizeable stevedore shortage has been reported, and the estimates are that the longshoremen have been busy loading in the port of Osaka, well inside the port and away from all foreign ships, which are stated always to be carefully kept well outside to avoid possible observation.

27. Great importance is attached by the Japanese authorities to having their stevedoring activities entirely free from any possible foreign supervision, so that pressure was brought to bear upon both Nickel and Lyons, Ltd. and Helm Brothers, Ltd. The latter firm is stated to be doing no business and now to have only Japanese upon its staff. Nickel and Lyons, Ltd., a British firm, in which for 12 years the Sumitomo interests have held 51 per cent of the stock, was completely reorganized at the end of April. It is now being administered under the management of Sumitomo Warehouse Company, Ltd., and is known by the name of Taisho Kaiso Kabushiki Kaisha (Taisho Transport Company, Ltd.). Needless to say, the original foreign members of the staff are not connected with the new concern.

28. Nickel and Lyons, Ltd. first experienced difficulties with the authorities when it was learned that the firm was supplying the British Consulate General at Kobe with vital information regarding the laid up German merchant vessels in Kobe harbor. Then with new Government regulations, the Sumitomo interests were forced to take over operating control of the business. It should be mentioned that until this time the Sumitomo interests had never attempted to interfere with the British management of the firm. Relations between the British shareholders and staff of Nickel and Lyons and the Sumitomo interests are stated by the most reliable sources to have been of the highest order.

Kobe Foreign Shipping Firms

29. With the trend of events Kobe foreign shipping concerns are in general experiencing a new low in the volume of business. Old established branch offices of British firms such as Jardine, Matheson and Company, Ltd., Mackinnon, Mackenzie and Company, (Japan), Ltd. are now closed. Dodwell and Company are doing a shipping business with the Near East by handling two vessels under the Egyptian flag that are loaded in Japan at very profitable rates. These ships are reported to be due again in Japan during June. Butterfield and Swire offices in Japan have received instructions to remain open "until the last", in view of the type of export business the company does from Japan, despite the absence of company ships. It is felt that Canadian Pacific Steamships will close their offices this summer, since they are absolutely idle. The Japan office of Lloyds' Register of Shipping is being left in Japanese hands. Aall and Company, handling Norwegian vessels, are absolutely idle.

30. The lone foreign shipbroker, Summers and Company, reports a similar condition in his field, not only for this firm, but for all Japanese brokers as well. This last condition is stated to be caused by the amount of Government regulation,

which has made it impossible for brokers to continue in business.

31. Of American shipping firms only the American President Lines continues active. The States Steamship Company and the Everett Steamship Corporation have not had any ships calling at Japan for at least two months and have no definite prospects in sight for June. The American President Lines, in addition to its own ships, is being kept occupied as agents for the Lykes Steamship Company. Three or four vessels of the latter company arrive in Japan each month loaded with lube oil (which was formerly delivered in steel drums and is now shipped in wooden barrels), petroleum, pitch coke, and small amounts of carbon black and cotton. Ships of the Waterman Steamship Company coming to Japan are handled by the Mitsubishi interests.

32. With reference to the shipments of oil in wooden barrels, instead of the former steel drums, it is of interest to note that oil seepage and loss have increased as a result of this means of shipment.

Dispute Concerning British and Norwegian Ships

33. For the past five months the British authorities are reported to have been negotiating with the Japanese Government with regard to two twenty year old Norwegian registered vessels, Venkoh (8,692 d.w.) and Shenghwa (8,381 d.w.) and seven stated Chinese registered ships of the old United States Shipping Board "Lock" class, such as the Munlock and Vitolock. The matter is said to have arisen originally through the Norwegian registered vessels arriving at Wakamatsu with scrap iron cargos and being held up by the Japanese authorities on the basis of question regarding registration. Several years ago, it is reported by those interested, a loan of a million yen was advanced by Norwegian interests upon three Japanese vessels, which were transferred to Norwegian registry. One ship has since sunk, but the loan is now stated to be redeemable by the original Japanese debtors, who badly need the ships. However, the Norwegian Shipping Control Commission, cooperating with the British authorities at London, has refused to release any Norwegian registered vessels for the duration of the war. The upshot has been that the Norwegian registered ships have been taken over by the Japanese, with the Norwegian officers ejected. The Shenghwa is reported to be in service at present, while the Venkoh is now in dock.

34. When the controversy arose as described above, the British Government likewise intervened in behalf of the seven Chinese registered "Lock" class ships, which were actually British owned. These ships had been taken over by the Japanese, who were operating them. The British proposal, which in the end proved fruitless, was that the Japanese Government, in the nature of a compromise, should release three "Lock" class ships and one Norwegian registered ship. Since the Japanese authorities were in possession of all the ships in the dispute, they refused.

N. N. I. 96—1940

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OFFICE OF CHIEF OF NAVAL OPERATIONS
NAVY DEPARTMENT

[redacted]

INTELLIGENCE REPORT

Serial No. 71
(Start new series each year, i. e. 1-40, 2-40)

Monograph Index Guide No. 602-1000
(To correspond with SUBJECT given below. See O. N. I. Index Guide. Make separate report for each main title.)

From Naval Attaché at Tokyo Date 27 June 1941
(Ship, fleet, unit, district, office, station, or person)

Reference
(Directive, correspondence, previous related report, etc. if applicable)

Source Various
(As official, personal observation, publications, press, conversation with—identify if appropriate)

Evaluation RATING "A" Unverified
(As reliable, doubtful, unverified, etc.)

Subject Japan Cities & Towns - Coast Cities & Towns - Logistics
(Nation reported on) (Main title as per index guide) (Subtitles) (Make separate report for each title)

Basis.—(Here enter careful summary of report, containing substance succinctly stated; include important facts, names, places, dates, etc.)

[redacted]

JAPANESE NAVAL OIL STORAGE

An estimate of Japanese Naval Oil Storage capacity. It is believed that total naval capacity is more than 3,330,000 tons.

Total oil stocks in Japan are variously estimated from 6,000,000 tons to 10,786,000 tons. The latter figure is considered to be more nearly correct.

Present annual consumption according to a reliable source is 5,000,000 tons of crude oil and 940,000 tons of gasoline.

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DECLASSIFIED
E.O. 11652, Sec. 3(E) and 5(D) or (E)
OSD letter, May 3, 1972
By RT, NARS Date MAY 21 1973

Distribution By Originator: CNO(17); CincPAC(1); CinCAF(1); Com 16(2); ANA/Shanghai(1) M/A Tokyo(1); File (1).

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Nav.	Gen.	T. & D. C. & R. Eng. S. & A. M. & S. Aero	U. S. M. C.	C. in C. U. S.	Com. Sat. For.	Com. Sec. For.	C. in C. A. F.	Com. Marines	Com. Aircr.	F. A/T. U.
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U. S. GOVERNMENT PRINTING OFFICE 16—15402

Report No. 71
Japan
27 June 1941

600 - Cities and towns
602 - Coast Cities and towns
1000 - Logistics

[redacted]

JAPANESE NAVAL OIL STORAGE

The following estimates of Japanese Naval Oil Storage facilities are submitted. The estimates have been prepared after considerable research and after consulting with the British Naval Attaché in Tokyo and are believed to be reasonably accurate. For comparison, past estimates are included, the figures being placed in parenthesis.

It is reliably reported that all naval oil tankage is kept filled to capacity, and therefore, the Japanese have at the very minimum, the amounts which are indicated:

	Estimated Total Capacity	Location and Details
BAKO	40,000 tons (27,000)	3 tanks of 3000 tons each. 1 tank of 18,000 tons
CHINKAI	90,000 " (9,000)	8 tanks of 10,000 and 8,000 tons capacity. More tanks believed to be constructed on west of station.
KURE	1,000,000 " (632,000)	20 tanks of 10,000 tons each at Tobiwatase. Tanks at Kanakawa. Tanks at Akizaki 24 or more tanks in front of the naval barracks. 8 small tanks at north of Yoshiura Bay. Large underground storage at north end of Yoshiura Bay. Large underground storage in hill. 3 tanks east end of tunnel through hill.
MAIZURU	400,000 " (215,000)	18 tanks of 7,000 tons each at OBA. 3 tanks total 9,000 tons at Nishiouramura. Large underground storage on Hebishima Island.
OMINATO	120,000 " (91,000)	12 tanks of 7,000 tons each on north end of pine grove fronting the harbour.
PORT ARTHUR	30,000 " (21,000)	5 tanks east of coal storage on south side of harbor.

[redacted]

	Estimated Total Capacity	Location and Details
SASEBO	400,000 tons(250,000)	6 tanks of 10,000 tons each on west side of harbor. Further groups of tanks to the south along the coast. Underground storage at Akazaki.
TOKUYAMA	750,000 " (669,000)	18-20 tanks of 10,000 tons each at Nakiri. 48 tanks at Oil Depot, total capacity 326,000 tons. 30 underground tanks on Island of Senjima near monument to sunken warship KAWACHI.
YOKOSUKA	500,000 " (201,000)	7 or more tanks immediately west of Hakozaki, 4 tanks immediately south of Yokosuka railway station. 3 tanks at Nagazakihama. Underground storage at Hakozaki.

In addition to the above, naval fuel oil and gasoline in unknown quantities are stored at the following places:

SHUMUSHU (Chishima)
OTOMARI (Karafuto)
AKKESHI (Hokkaido)
WAKKANAI (Hokkaido)
TOBA (Mie Prefecture)
OSHIMA (near Sasebo)
KAGOSHIMA (Kagoshima Prefecture)
SASHIKI
FUTAMI (Chichijima)
TRUK
PONAPE
JALUIT
HAINAN ISLAND
CHINNANPO (Chosen)
TAKESHIKI (")
EIKI (")

Total stocks on hand in Japan are variously estimated. A reliable Dutch source, in close touch with the Japanese estimates crude oil in storage to be 6,000,000 tons, but admits that this may be an under-estimate. The British estimate is 10,786,000 tons as of December 1940. It is probable that the figure 10,000,000 would be reasonably accurate. Present annual consumption, according to the Dutch is approximately 5,000,000 tons of crude oil and 940,000 tons of gasoline.

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N. N. I. 80-[illegible]

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ISSUED BY THE INTELLIGENCE DIVISION
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NAVY DEPARTMENT

INTELLIGENCE REPORT

Serial 79-41 (Start new series each year, i. e. 1-40, 1-41)

Monograph Index Guide No. 101-100 (To correspond with SUBJECT given below. See O. N. I. Index Guide. Make separate report for each main title.)

From Naval Attache (Ship, fleet, unit, district, office, station, or person) at Tokyo Date 29 July 1941

RATING A

Reference (Directive, correspondence, previous related report, etc. if applicable)

Source Press (As official, personal observation, publications, press, conversation with—identify when practicable, etc.)

Evaluation (As reliable, doubtful, unverified, etc.)

Subject Japan (Nation reported on) Political - National Government - Organization (Main title as per index guide) (Subtitles) (Make separate report for each title)

Remarks.—(Here enter careful summary of report, containing substance succinctly stated; include important facts, names, places, dates, etc.)

THIRD KONOYE CABINET

The Third Konoye Cabinet which was installed on 18 July appears to be a more unified and therefore stronger cabinet than the Second Konoye Cabinet. The major changes are the Foreign Minister and the Finance Minister.

It appears that there will be no drastic changes in either domestic or foreign policy for the present. Japan will probably follow an increasingly independent course in order to settle the China Incident and consolidate her position on the continentbefore the European war is ended. Her actions in Southeast Asia and against Soviet Russia will depend on developments in Europe.

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E.O. 11652, Sec. 3(E) and 5(D) or (E)
OSD letter, May 3, 1972
By RT, NARS Date MAY 21 1973

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Nav.	Ord.	T. & D.	C. & R.	Eng.	S. & L.	M. & R.	Aero.	U. S. M. C.	C. in C. U. S.	Com. Bat. For.	Com. Bat. For.	C. in C. A. F.	Com. Sperm.	Com. Aero.	F. A. T. U.
Attached at			Op-10/11	Op-12	Op-13	Op-14	Op-20	Op-21	Op-22	Op-23	Op-24	Op-25	Rate	Com. [illegible]	Maritime Com.
Civil Aero Auth.	Opn 14												Return to Room No.		

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Report No. 79-41
Japan
29 July 1941

100 - Political
101 - National Government
100 - Organization

THIRD KONOYE CABINET

The Third Konoye Cabinet which was formally installed on 18 July is constituted as follows:

PREMIER.....	*Prince Fumimaro Konoye
FOREIGN MINISTER.....	Admiral Teijiro Toyoda
OVERSEAS MINISTER.....	Admiral Toyoda (Concurrently)
HOME MINISTER.....	Harumichi Tanabe
FINANCE MINISTER.....	Masatsune Ogura
WAR MINISTER.....	*Lieut.-General Hideki Tojo
NAVY MINISTER.....	*Admiral Koshiro Oikawa
EDUCATION MINISTER.....	*Dr. Kunihiko Hashida
AGRICULTURE MINISTER.....	*Hiroya Ino
COMMERCE MINISTER.....	Vice-Admiral Seizo Sakonji
COMMUNICATIONS MINISTER.....	*Shozo Murata
RAILWAY MINISTER.....	Shozo Murata (Concurrently)
WELFARE MINISTER.....	Lieut-General Chikahiko Koizumi
JUSTICE MINISTER.....	Michiyo Iwamura
STATE MINISTER.....	Baron Kiichiro Hiranuma
STATE MINISTER.....	Lieut.-General Heisuke Yanagawa
STATE MINISTER AND GOVERNOR OF PLANNING BOARD.....	*Lieut-General Sadaichi Suzuki

Chief Secretary of Cabinet.. .*Kenji Tomita
Chief of Legislation Bureau...*Naokai Murase
President of Board of Information.....*Dr. Nobumi Ito

(* Represents men reappointed to hold the same office in the Third Konoye Ministry as in the preceding Second Konoye Cabinet)

It is considered that this Cabinet is a more unified and therefore stronger cabinet than the Second Konoye Cabinet.

The domestic and foreign policies of the new government are not yet clear but at the present time it appears that there will

be no drastic change in either.

In domestic affairs the economic and financial policies of Second Konoye Cabinet will no doubt be continued, with increased and intensified government control of trade, industry and agriculture - in short, in all phases of the nation's economic life.

In foreign affairs, it is expected that Japan will follow an increasingly independent course in order to settle the China Incident and consolidate her position on the continent before the European war is ended. While it is unlikely that she will break openly with Berlin and Rome, her policies will probably be independent of the Axis powers, since she has learned that they are not to be trusted. At the same time her actions against Soviet Russia and Southeast Asia will depend on developments in Europe. If suitable opportunities come, and if gains either north or south can be made without too great a risk of becoming involved in a war with a major power, Japan will take immediate advantage of her opportunities. The Japanese Army is now making extensive preparations - by mobilizing an estimated 750,000 men - to be ready for just such opportunities.