

CENTRAL INTELLIGENCE AGENCY  
**INFORMATION REPORT**

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SUBJECT Vegetable Oil Production in China

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- The China Oil and Fat Company is one of the 12 monopolized enterprises of the Chinese Government and is under the direct control of the Trade Ministry. It governs the entire oil and fat industry and controls the purchase of raw materials, prices, production of oil, sales and export and barter. It also exports to the USSR and other countries to obtain foreign exchange.
- Production Plan. In January 1950, the Trade Ministry drew up the 1950 vegetable oil production estimate which was again passed by a conference of the oil and fat industry held in May 1950. These figures, representing the 1950 estimate of five principal kinds of edible oil raw materials and the amount of oil extracted, are given below:

Raw Materials	Total Production	Seeds Reserved for Storing	Direct Consumption	Exported Raw Materials	Material for Oil Production	Oil Produced
(all units in metric tons)						
Rapeseed	3,504,500	70,000		4,000	3,150,500	1,029,123
Sesame	529,000	10,580	87,875	7,000	493,543	169,718
Groundnut	2,466,500	246,650	1,425,000	105,600	689,250	248,130
Soybean	9,596,500	939,650	2,850,000	858,500	4,748,350	1,427,351
Cottonseed	1,590,000	318,000			1,172,000	114,480
<b>Total</b>	<b>17,686,500</b>	<b>1,584,980</b>	<b>4,362,875</b>	<b>975,100</b>	<b>10,553,553</b>	<b>1,988,922</b>

- Disposition of Factories. Most of the large oil factories equipped with modern machinery are at Dairen, Harbin, Sipingchieh\* in Manchuria; Shanghai, Tsingtao in East China; Tientsin in North China; and Nuchang and Hankow in Central China. In the Southwest and Northwest Administrative Regions, there are no factories equipped with machines of comparable size.

a. East China

- 4 sets large type Hung Che (紅車)\*\*
- 47 sets medium type Hung Che
- 79 sets small type Hung Che
- 130 sets square type hydraulic press
- 701 sets round type hydraulic press
- 956 sets hand-operated spiral press

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b. Northeast China

20 sets	small type Hung Ch'e
18 sets	hydraulic press square type
2,204 sets	round type hydraulic press
5,993 sets	hand-operated spiral press

c. Central South China

8 sets	medium type Hung Ch'e
5 sets	square type hydraulic press
60 sets	round type hydraulic press
196 sets	hand-operated spiral press

d. Southwest China

5 sets	small type Hung Ch'e
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e. Northwest China

3 sets	small type Hung Ch'e
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f. North China

6 sets	large type Hung Ch'e
99 sets	medium type Hung Ch'e
91 sets	small type Hung Ch'e
2 sets	square type hydraulic press
5 sets	round type hydraulic press
349 sets	hand-operated spiral press

g. In all of China, there are

10 sets of large type Hung Ch'e
154 sets of medium type Hung Ch'e
198 sets of small type Hung Ch'e
185 sets of square type hydraulic press
2,970 sets of round type hydraulic press
7,104 sets of hand-operated spiral press

4. Conditions of Production. Because of the shortage of raw materials, production falls well below the 1950 estimate.

- a. The capacity of the machine-operated oil factories in East China is 205,000 metric tons of oil cake. Based on the calculation of purchase of raw materials, production of the region in 1950 is estimated at approximately 75,000 metric tons of oil and 335,000 metric tons of oil cake. Shanghai, the center of the press-oil industry, has a productive capacity of over 90 percent for East China. From January to May, however, actual oil production was 3,855,282 metric tons and cake production was 15,634,875 metric tons.
- b. Peiping and Tientsin are also centers for the press-oil industry. Tientsin's capacity for five months is 15,943 metric tons, although its production from January to May was only 2,100.15 metric tons of oil and 4,856.75 metric tons of oil cake. Peiping's capacity for five months is 5,987 metric tons; but from January to May, it produced only 721 metric tons of oil and 3,031 metric tons of oil cake.

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- c. Dairen is the machine-operated oil factory center in Northeast China. Apart from the state-owned Kwang Yuan (廣源) Oil Factory, there are two main factories: the Ta Tung (大東) Oil Production Factory and the Hsien Ho Oil Production Factory, which comprise four Russian oil factories set up under the guidance of the Supply and Grain Trading Company of the Foreign Trade Department of the U. S. R., and over 40 private oil factories. The first factory of the Soviet Oil Factory can produce 78 metric tons of groundnut oil in one 24-hour period, while its attached Oil Refinery Factory can produce in one night 30 metric tons of refined oil. The factory itself is well equipped, but suffers from lack of raw materials. The second factory of the Soviet Oil Factory possesses 16 sets of compound melting (Yung Chi 溶劑) oil extracting machines. Its capacity, on a 24-hour basis, is 66 metric tons of soybean oil from a supply of 400 metric tons. This means a requirement of about 30,000 metric tons per quarter. The 1950 plan allows for a supply of 96,000 metric tons. During the first quarter 26,000 metric tons of soybeans had been processed. A third factory is still under construction. The fourth factory makes soaps, congealed oil, oxygen and glycerine. The planned production of the state-owned Kwang Yuan Oil Factory is 8,500 metric tons of soybean oil from a period of 10 months in every year, and 76,000 metric tons of bean cake with a supply of 81,000 metric tons of soybeans. Actually only 97 percent of this total is available. The continuous-type oil press can produce a yearly supply of 7,900 metric tons of groundnut oil, requiring a supply of 20,700 metric tons of groundnuts. At present, these are in short supply and none have arrived recently. The yearly capacity of the perilla ocymoides presses is 9,730 metric tons of perilla ocymoides oil and 15,130 metric tons of perilla ocymoides oil and 15,130 metric tons of perilla ocymoides cake with a requirement of 27,020 metric tons of raw material. However, work has been suspended because of short supplies.

#### 5. Conditions of Sale.

- a. In 1949, the sale of edible oil in Shanghai averaged 50,000 piculs (about 2,500 metric tons). After January 1950, the sales decreased gradually. In the month of May sales were down to one-third of normal. Even the various bean cakes could not be exported. Because of decreased shipping facilities there is little export of bean cake at present. A large part of the oils can be disposed of locally only, while the bean cake is sold principally in the farming areas in Chekiang. Some cake also goes to Kwangtung.
- b. The production of oils and cake in East China, including that from primitive methods, and public and private oil factories, is 310,000 tons of various edible oils and 1,150,000 tons of cake. Based on a population of 115,000,000 in East China, each person gets only one share of about five cattles of edible oil yearly. Cake is used for making fertilizer. On the basis of 30 cattles of cake for one mou, there is only enough to fertilize 77,000,000 mou of rice fields. Because of the low buying power, the impression is given that there is overproduction, but this is not the case.
- c. In central South China yearly production of various kinds of edible oil from oil-extracting press factories is 78,000,096 metric tons. Production of cakes is estimated at 53,519 metric tons. There has been stockpiling, however. The privately owned Kai Ming (開明) Oil Factory and the state-owned Han Yang (漢陽) Oil Factory at Wuchang and Hankow both have a stockpile of 20,000 to 50,000 pieces of bean cake (1950 June Report). The Honan provincially owned oil factory also has a stockpile of cotton cake.

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- d. Oil press factories in Northeast China, with favorable conditions as well as sufficient labor reserves, are unable to export in greater quantities. Sale is internal only. Precise statistics for the first half of 1950 for all China are not yet available. However, at the first plenary conference of the oil and fat industry, the figures of production and sale for the second half of 1950 (July-December) are estimated, excluding the Northeast China region, at a total of 64,000 metric tons of edible oil from the five principal kinds of raw material, namely, yellow bean, peanut, cottonseed, sesame, rapeseed. Production of cake was 226,350 metric tons. The China Oil and Fat Company is responsible for the purchase of edible oil (24,795 tons), while the amount sold by the various public and private oil factories is 39,205 metric tons of oil and 226,350 metric tons of cake. The oil bought by the China Oil and Fat Company is for external markets, the remainder is to be consumed by the five big cities, Shanghai, Tientsin, Peiping, Hankow and Canton. The standard amount of sale is 25 percent of the total amount of consumption of these five cities. The amount of sale by the factories themselves includes the amount of internal and external sales, while the sale of cake includes the possible amount to be purchased by the China Oil and Fat Company for external market.
6. Prices. In view of the poor market for both oil and cake, prices have dropped gradually. According to the statistics of the Shanghai Oil and Fat Industry Association, the ratio of oil's selling price and production price in January 1950 was 115 percent and in February, 130 percent. Occasionally, raw material prices exceed those of production. For example, the price of peanuts was JYP 220,000 per picul on 17 November 1950 in Shanghai. After oil has been produced, the price received is JYP 167,500 (35 catties of oil at 4,000 dollars per catty; 55 catties of cake at 500 dollars per catty).

\*  Comment. This is probably the Ssuningchieh at 124-22, 43-11. 50X1

\*\*  Comment. As received in Chinese.

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