

INFORMATION REPORT

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SUBJECT The Salt Industry in North Kiangsu

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1. Though China produces more salt than she needs, the surplus was never exported on any considerable scale, as it could not compete in world markets in point of quality or price. In any case, the sea route is now blockaded, and there is no tendency to try and develop an export trade.
2. It was the Nationalist policy to control the industry by closing down non-productive salt manufactures, and this policy is being continued energetically by the Communists.
3. In North Kiangsu the salt industry is carried on in two areas, one north, the other south, of the Huai River.
4. Production here is on a small-scale, family business level. The salt is small-grain type, produced by antiquated methods and selling for 25-30 catties of wheat per picul. Production was 1,200,000 piculs in 1949, and 970,000 piculs in 1950. This year production is expected to be a little higher, although the authorities are trying to reduce it. The labor force is 80,000.
5. The object of the authorities is gradually to close down salt stoves until salt production is only a side line. The fields have been mainly reclaimed for agriculture, and the population live by the latter. Cotton will do well here when irrigation schemes are further advanced.
6. The yards are all publicly-owned, except the Tapu (大浦) Yard. Salt is sun-dried, and electricity and hydraulic pumps are used. Transport is simplified by the port of Liyun (连云港) and the Lungshai Railway. Consequently, salt sells at only 12 catties of wheat per picul. Production was 5,987,000 piculs in 1949 and 3,350,000 in 1950. The authorities initiated remedial measures in February 1951, but it does not appear as though these have checked the declining output, which in this case is not the result of official policy.
7. The fact is that even north of the river, the industry is less efficient than its competitors in North China. As regards quality, the grains are rather small, not perfectly white, and contain under 90% sodium chloride. As

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regards price, 5 million piculs cost 8,548 catties of maize to produce and would sell ex-salt yard (allowing for 20% profit) at 10,258 catties of maize, which equals (converted at 60%) 8,246 catties of wheat. This price is already much higher than that of salt from North China, against which Kiengsu therefore does not compete in the more distant markets.

8. Under the Nationalists, the labor required at the salt pans was at the proportion of 4 laborers for spring and 3 for autumn. This ratio is still maintained, ignoring the damage and lack of repairs in recent years, which call for a reduction in working hands.
9. The burden of high labor costs can be gauged from the following comparative table of output per head in the year 1950-
 

Ch'anglu (長蘆) District, Hopei	: 2,300-2,600 piculs
Average for Northeast China	: 1,200 piculs
Yung Yu Co., Tsingtao	: 1,100 piculs
North Bank Yards, North Kiangsu	: 300-500 piculs.
10. The Communists' management of the industry lacks system, technical knowledge and foresight, as is shown by these examples:
  - a. The new pumps at Hsishu (西墅) cost over 3 million catties of wheat, but they were found to be useless during the tidal season.
  - b. Loans worth 500,000 catties of wheat were made to various yards to cover transport costs before the salt had even been produced.
  - c. Purchases of mats were made on the basis of an estimated 10 million piculs of salt, which turned out to be double the necessary quality.
  - d. The new electric pumps at Pamp'u (119-18, 34-28) were allowed to pump out water regardless of its salt content.
11. In view of the difficulties described above, the Communist authorities have recently decided on new measures to control the industry. Apart from various technical improvements, these foresee a complete suspension of autumn salt production in the province and concentration on spring production. The labor thus released will undertake the transport of stocks and the preparation of the soil for the next spring season.

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