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**Secret**



DIRECTORATE OF  
INTELLIGENCE

# Intelligence Memorandum

*Coal and Electric Power Shortages  
in Communist China*

**Secret**

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February 1968

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CENTRAL INTELLIGENCE AGENCY  
Office of Economic Research  
February 1968

INTELLIGENCE MEMORANDUM

Coal and Electric Power Shortages  
in Communist China

Summary

Coal and electric power shortages in Communist China are known to have been widespread in 1967 and early 1968. They are a part of the economic damage caused by the Cultural Revolution. [REDACTED]

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[REDACTED] occasional shutdowns of factories because of the lack of coal and electric power. Households are suffering from severe shortages of coal this winter.

These shortages result from a combination of low morale in the mines, interruptions to transportation, and violent political struggles in certain areas. In the absence of the Cultural Revolution, production of both coal and electric power would have risen in 1967. Instead, coal production dropped at least 10 percent and electric power output somewhat less. It is difficult to quantify the declines on a national basis with any precision.

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*Note: This memorandum was produced by CIA. It was prepared by the Office of Economic Research.*

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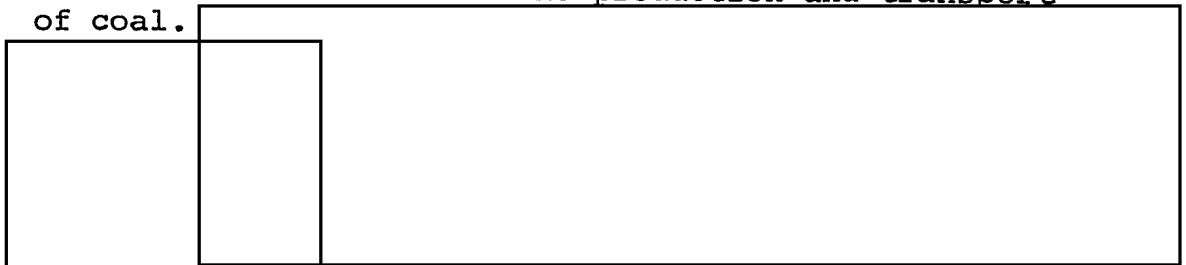
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Coal Shortages

1. Communist China has the third largest reserves of coal in the world (ranking after the United States and the USSR) and an abundance of labor to exploit these resources. Coal provides 93 percent of China's primary energy, with petroleum providing about 5 percent. Virtually all of the coal produced in China is consumed domestically. About half of the coal output is allocated to industrial uses, including generation of electric power; between 10 and 15 percent is consumed by the transportation sector, principally railroads; and about 35 percent is available normally for household consumption (cooking and heating) and for local handicraft industries, which are the low-priority uses.

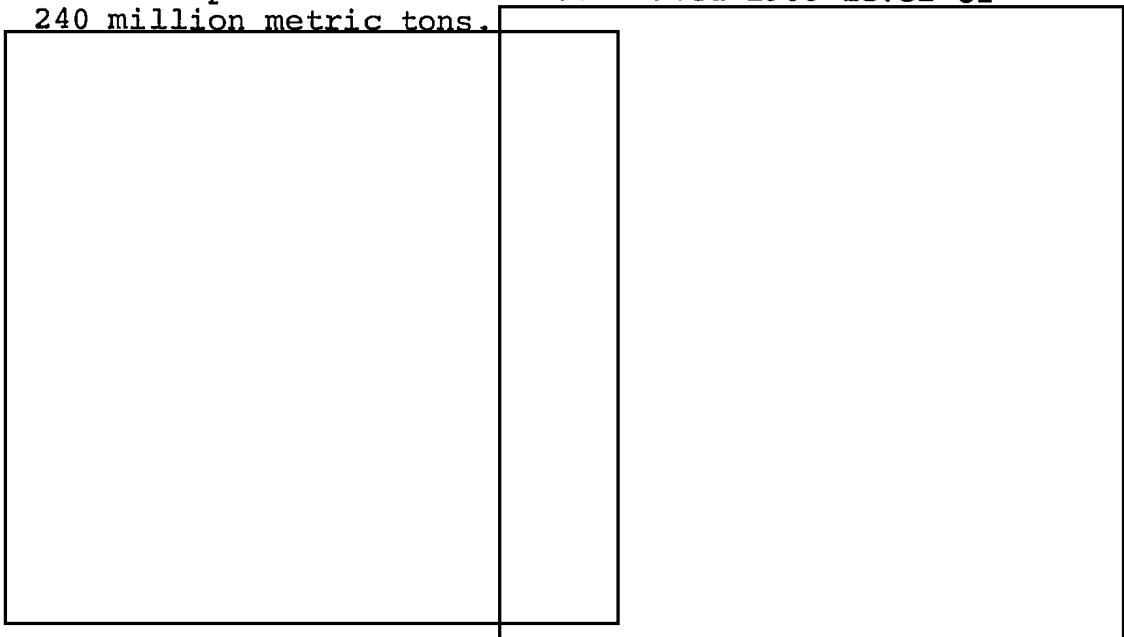
2. Throughout 1967 the Cultural Revolution caused some dislocation in both the production and transport of coal.

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3. The output of coal in 1967 declined by at least 10 percent below the estimated 1966 level of 240 million metric tons.

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reflected primarily in reduced supplies for household consumption. However, reports refer to reduced supplies rather than a total lack of coal

[Redacted]

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Effects on Industry

5. Other reports have cited declines in industrial output caused by a lack of coal, and in some instances a lack of electric power created by shortages of coal

[Redacted]

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8. There is evidence that there has been some increase in the effect on industry in the past two months because of delays in the production and transportation of coal. However, the brunt of the decline in the availability of coal has thus far been borne by household consumers.

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Electric Power

9. Direct evidence of declines in electric power production attributable either to coal shortages or to the Cultural Revolution is scanty. Electric power output in Communist China in 1967, however, is unlikely to have increased above the 1966 level and probably declined moderately. Approximately 80 percent of China's electric power generating capacity is in coal-fired thermal plants, and production in these plants must have been adversely affected by problems in coal supply. Normally, total industrial output in China in 1967 would have been expected to increase about 5 percent above the previous year. Because of the Cultural Revolution, however, industrial output almost certainly fell off. Thus, demand for electric power by important industrial consumers was less in 1967 than in 1966.



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