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**DIRECTORATE OF
INTELLIGENCE**

Intelligence Memorandum

*Recovery of Communist China's Coal Industry
from the Cultural Revolution*

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CENTRAL INTELLIGENCE AGENCY
Directorate of Intelligence
November 1968

INTELLIGENCE MEMORANDUM

Recovery of Communist China's Coal Industry
from the Cultural Revolution

Summary

The Chinese Communist coal industry is recovering from the low levels of production of late 1967 and early 1968 and now may be operating at a level approaching that of 1966. Production of coal declined substantially in 1967, perhaps from 220 million metric tons in 1966 to 190 million tons in 1967. If present trends continue, total production may reach 200 million tons in 1968.

A variety of evidence indicates that coal production has been increasing since April 1968. Industrial shortages are mentioned much less frequently than during the winter of 1967-68. The political situation has stabilized to some extent, and workers have probably returned to their jobs in most mines. In addition, recent Chinese claims of large increases in production at the major mines and complexes, while somewhat ambiguous and propagandistic, suggest that coal production has been recovering.

Although the coal mining industry has been set back by the disruptions of the Cultural Revolution, there is little evidence of damage to production facilities. The facilities are capable of sustaining production rates higher than those attained in 1966. Moreover, the completion of new facilities since August 1968 indicates that construction, which had been halted in 1967 and early 1968, has been resumed.

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Therefore, with political stability, growth in the coal industry may be quickly resumed.

Recovery in the coal industry provides a strong impetus for the regaining of lost levels of production in other parts of industry. The key electric power, chemical, and metallurgical industries, whose operations have been handicapped by the coal shortages of the past two years, will particularly benefit from the return of the coal industry to more normal levels of production.

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Recovery from the Cultural Revolution

1. It has been reported that Vice Premier Hsieh Fu-chih said, in late November 1967, that coal production in 1967 would be 190 million tons. Using this figure as a base, production for 1966 and 1968 can be roughly calculated from fragmentary information available. The evidence indicates that production declined sharply in 1967 and has recovered to some extent in 1968.

2. The Chinese Communists recently claimed that production of coal at mines directly under the Ministry of the Coal Industry increased by 39 percent between April and August 1968. This report and numerous others claiming large increases at individual mines and mine complexes indicate the extent of the decline of production in late 1967 and early 1968. Most of the reports on individual mines claim that monthly production has increased over various periods of time but do not relate current production to production in previous years. However, in a few instances, it is claimed that production has surpassed the level of 1966 or has reached an alltime high. The overall implication of these claims is that total production has not attained the level of 1966 and is still far below the peak level of 300 million tons attained in 1959.

3. Some evidence for the decline of coal production in 1967 is provided by trade data. Coal exports -- which constitute only about 1 percent of total production -- held up in 1967, but have fallen in 1968. Exports of coking coal to Japan in the first half of 1968 were only 61,000 tons, compared with 467,000 tons in the first half of 1967. Anthracite exports to Japan also declined from 98,000 tons to 79,000 tons during the same period. On the other hand, coal exports to Pakistan may increase from about 200,000 tons throughout 1967 to 400,000 tons in 1968.

4. In late 1967 and early 1968 reduced coal output caused a decline in the generation of electric power.* These reductions in coal and electric power

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output also had an adverse effect on the important chemical and iron and steel industries of Communist China. These adverse effects were heightened by sporadic disruptions in the systems of transporting and distributing coal to industry.

Level of Output in 1966

5. By the end of 1966 the Chinese coal industry had almost fully recovered from the Leap Forward disaster. Most of the small, uneconomic mines had been closed, and improvements had been made in techniques of coal mining and coal cleaning. Moreover, the detrimental effect of the general disregard for normal maintenance and developmental practices during the Leap Forward had been largely overcome. Also, new mines with a combined capacity of about 30 million tons were completed between 1962 and 1966. Production in 1966 was about 220 million tons, and, while only about 70 percent of the peak production in 1959, it was of a higher average quality. The rate of utilization of mines was also probably much more conducive to long-term growth than it had been in 1959.

1967 -- Revolution in the Coal Mines

6. In early 1967 the factional strife associated with the Cultural Revolution strongly affected the coal mining sector. The harassment by Red Guard elements and the fight for leadership within mining facilities eventually led to army intervention at many of the major mining centers. These disruptions reached their peak in July and August 1967. Factional strife at individual mines and complexes lasted anywhere from a few months to a year or more. Nevertheless, there is ample evidence of low production rates throughout the last half of 1967 and the first quarter of 1968.

7. Production is believed to have declined by about 15 percent, to 190 million tons in 1967. Production claims at 18 major mining bureaus which provided almost half of total coal production in 1966 suggest that production in 1967 fell by nearly 25 percent.* However, roughly 30 other mining bureaus

* For estimates of coal production in 1966-68, see the Appendix.

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and large mines do not appear to have been as greatly affected by the Cultural Revolution in 1967, and production at these mines probably fell less -- perhaps by no more than 10 percent. Although labor problems and inadequate management at these mines may have caused a decrease in production, the lack of publicity suggests that factional struggle was not as severe at these mines. Production from locally controlled small mines reportedly increased in a number of provinces in 1967. Even in those small mines, where problems are known to have existed, the slight increases claimed suggest that they suffered smaller declines than did the larger mining complexes. Thus, it is estimated that their annual production remained roughly the same through the three years 1966-68.

Production in 1968

8. After another flurry of violent disruptions in early 1968, the political situation at many of the large mine complexes apparently was stabilized, and production began to rise. Some of those mines that had major factional strife in 1967 -- for example, Kai-luan and Ching-hsi -- probably are now producing at a rate near that of 1966. However, in other mines the disruptions did not reach their peaks until 1968, and production, which fell sharply in the early part of the year, has not fully recovered. Many of the mines that have not reported production increases in 1968 may fall into the latter category. It is estimated, therefore, that production at the 30 large mines for which detailed estimates could not be made, fell by another 10 percent in 1968. Small mines, after slight declines, are probably operating near the rate attained toward the end of 1966. Overall, it appears that production in 1968 will be above the 1967 level and may reach 200 million tons.

Construction

9. Although most of the increase in output in 1968 represents the restoration of previous levels of production, a part of the increase reflects the delayed contribution from new mines completed in 1966. No new mines or coal washing facilities are known to have been completed from early 1967 to August 1968. However, since the national coal

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conference in May 1968, there has been increased emphasis on tunneling and new construction. In August 1968, it was announced that a new hydraulic mine and a 3 million-ton coal washing plant had been completed at the Kai-luan mining complex in Hopeh province. In October two new mines with individual capacities of "hundreds of thousands of tons" went into operation, one at Hsing-t'ai in Hopeh and the other in Sinkiang.

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APPENDIX

Estimates for Coal Production in 1966-68

Estimating the level of coal production for any year since 1957 is extremely difficult. The official data for 1958 and 1959 were greatly inflated and no official data have been announced since. The present estimate of coal production was derived as described below.

According to a Red Guard newspaper, Vice Premier Hsieh Fu-chih stated, at the end of November 1967, that coal production would be 190 million tons in 1967. This figure was used as the point of departure. It was assumed that small mines produced 25 percent of total production in 1967, which seems reasonable in light of past performance. Production was then estimated for 18 individual mining bureaus in 1966. Reported changes during 1967 and 1968 indicate that mines under these mining bureaus, which produced 101 million tons in 1966, produced 75 million tons in 1967 and 94 million tons in 1968 (see Table 1). At those large mining bureaus for which calculations could not be made, production probably fell by about 10 percent in 1967 and by another 10 percent in 1968. Small mines are believed to have produced about the same amount in all three years. Table 2 shows the resulting production series for 1966-68.

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Table 1

Estimated Production of Coal
at Selected Mining Bureaus in Communist China
1966-68

		Million Metric Tons		
Mining Bureau				
Mine	Province	1966	1967	1968
Fu-shun	Liaoning	15.0	11.9	14.0
Kai-luan	Hopeh	13.8	9.3	12.6
Fou-hsin	Liaoning	13.0	11.5	12.0
Ta-t'ung	Shansi	10.0	5.6	9.4
Huai-nan	Anhwei	10.0	7.9	8.4
Chi-hsi	Heilungkiang	9.0	7.5	8.4
Ping-ting-shan	Honan	6.6	4.0	5.4
Shuang-ya-shan	Heilungkiang	3.3	4.2	4.5
Ching-hsi	Peking Shih	4.6	3.2	3.8
Hao-pi	Honan	3.8	2.0	2.9
P'ing-hsiang	Kiangsi	3.0	1.9	2.5
Liao-yuan	Kirin	1.5	1.6	2.0
Wu-ta	Inner Mongolia	1.7	1.3	1.9
Ching-hsing	Hopeh	1.3	1.4	1.5
Tsao-chuang	Shantung	1.4	0.8	1.4
Hsien-kang	Shansi	0.8	0.5	1.2
A-kan-chen	Kansu	1.2	0.5	0.9
Kuei-yang	Kweichow	0.6	0.2	0.9
<i>Total</i>		<i>100.6</i>	<i>75.3</i>	<i>93.7</i>

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Table 2

Estimated Production of Coal in Communist China
1966-68

	Million Metric Tons		
	<u>1966</u>	<u>1967</u>	<u>1968 <u>a/</u></u>
Large mining bureaus for which detailed estimates were possible <u>b/</u>	101	75	94
Large mining bureaus for which reporting was insufficient to make detailed estimates	74 <u>c/</u>	67 <u>d/</u>	60 <u>e/</u>
Small mines and mining bureaus (less than 1 million tons each)	48 <u>f/</u>	48 <u>g/</u>	48 <u>f/</u>
<i>Total</i>	223	190	202

a. Preliminary estimate based on current trends.

b. See Table 1.

c. Based on the estimate that production declined by 10 percent in 1967.

d. Residual.

e. Based on the estimate that production declined by 10 percent in 1968.

f. Based on the estimate that total production was unaffected in 1967 and 1968.

g. Twenty-five percent of the total production.

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