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CENTRAL INTELLIGENCE AGENCY

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COUNTRY China

DATE DISTR. 22 April 1949

SUBJECT 1. Business Controls and Trade in Tientsin
2. Treatment of UNICEF Personnel by Communist

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Tientsin

1. All controls in Tientsin, particularly financial controls, are tightening, and taxes are being levied on business income.
2. The Chinese Communists in Tientsin have established a system of making one firm check and guarantee the books of another firm in a chain of responsibility, which results in easy checking at a few points.
3. Foreigners in Tientsin have been unable to submit top bids for exports or imports because they are faced with the problem of black market operators who, taking advantage of the eight percent discount on foreign remittances, are able to buy exports at prices above the foreign market, and to quote import prices below foreign costs.
4. Remittance rates will probably reach a normal level within ten days.
5. The Chinese Communists are exporting mostly bristles, which they buy for \$16,000 a set (sic) and sell for \$43,000. The main Communist import demands are copper wire, sheets *, tires, gasoline and railroad spare parts.
6. Native produce is arriving in Tientsin from the interior in huge amounts. The Communists plan to dispose of it abroad, through controlled channels, for a maximum gain in foreign exchange, which will be devoted to imports.
7. The central Communist trade bureau is the Chinese Communist Central Government Trade and Finance Ministry, which is headed by YAO Yi-ling.
8. The director, the vice-director and the manager of the Chinese Communist Tientsin trade bureau (which is called the North China Foreign Trade Corporation, and has local authority in Tientsin) were formerly stockholders and managers of the old Jen Tah Company, which was actually a Communist company before the "liberation."

This document is hereby regraded to CONFIDENTIAL in accordance with the letter of 16 October 1978 from the Director of Central Intelligence to the Archivist of the United States.

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- 9. Chinese and foreigners on trains and streets are spot-checked; the search includes the removal of money and letters from inside pockets.
- 10. Two employees, with travel permits, of the United Nations International Children's Emergency Fund (UNICEF) arrived in Tientsin from south China. The Chinese Communists were informed that the employees were carrying UNICEF money and baggage, but they were searched and the money and baggage were placed in bond until UNICEF could straighten out the incident with the China Liberated Areas Rehabilitation Administration (CLARA).


Peiping

- 11. Dr. Eloesser, head of North China UNICEF, is still battling over the simplest elements of the UNICEF program, which is still bogged down **. Eloesser asked TUNG Pi-wu (head of CLARA) point-blank if the program is acceptable to the Communists. TUNG replied that a formal Chinese Communist answer would be given in two weeks.

*  Comment. It is not known what the "sheets" are.

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** See  and referenced reports.

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