

JUL 9 1964

'News Bureau'

Peking Has Spy Base in Mexico

By HAL HENDRIX
Scripps-Howard Staff Writer

MEXICO CITY, July 9 — Communist China has established an operation Intelligence base here in a fashionable residential area.

It functions under the cover of the New China News Agency, which Peking describes as the "eyes, ears and mouth" of the Chinese Communist Party.

The local NCNA "news bureau" is staffed by five Chinese, all known to be well-trained Intelligence agents, not foreign correspondents.

OFFICERS

Three are military officers—Capt. Wu Chu, Lt. Tuan Chih-Chi and Lt. Ch'eng Pien. They are not in uniform.

In free world nations where the NCNA operates, only the "bureau" in Paris has a larger staff than in one here—an indication of the importance Peking attaches to this Latin-American foothold.

The NCNA here maintains close liaison with its counterpart in Cuba, as well as the Red Chinese embassy in Havana. Staffers are frequently seen at the airport meeting with associates traveling to and from Havana. The Havana NCNA office now has a staff of 13.

Observers believe the Mexico City NCNA office will take up some of the work formerly handled by nine agents assigned to Brazil.

The Brazilian operation, also under the cover of the NCNA, was smashed by the April 1 anti-communist revolution. The agents still are in jail.

The five Chinese agents here and three other associates from Peking who are members of a so-called trade mission have a two-year lease on a large residence at 219 Arquimedes-st in the Polanco district. They have converted the house into an office.

The trade representatives are leftovers from a larger group that was here last December to stage an industrial-trade exposition, their first in the Western Hemisphere.

The three trade-seekers, like the NCNA agents, shy from publicity and do little socializing. They want it to appear that the whole trade delegation left with the exposition.

BORDER

About 8500 Chinese live in Mexico, some 2000 here. Most have settled in Baja California, near the United States border—a matter of concern to U. S. authorities because of possible illegal entries.

Among the Chinese in Mexico City an estimated 200 are pro-Peking in ideology. But many of the pro-Western Chinese still have relatives in Red China and are subject to pressures from Peking agents.

The NCNA staffers also mix with Mexican leaders of an organization called the Mexican Society for Friendship with Popular China, the front for the Chinese Communist Party here.

President of the society is a chubby 65-year-old Mexican woman named Ester Chapa, who has traveled to both Peking and Moscow.

In 1963, the Chinese communists bought \$2.4 million worth of cotton and \$18.3 million of wheat and flour from Mexico. Purchases of Mexican cotton for 1964, beginning this month,

will total \$4.8 million—double that of last year. Mexico also sells beans, fruits and fibers to China.

The Chinese are paying with U. S. dollars.

When asked about this trade, Mexican officials argue that since the U. S. sells wheat and other commodities to communist nations, why shouldn't Mexico deal with whomever it wishes.

Nationalist China Ambassador Ho Feng-shan and other Western diplomats here fear the NCNA activities and the trading programs are merely the prelude to Mexico's recognition of Red China—in line with its "independent" foreign policies.