

~~FOR OFFICIAL USE ONLY~~

#18

25X1A2g



COMMUNIST CHINA

ORGANIZATION FOR THE CONDUCT OF FOREIGN TRADE

TOTAL DOCS HEREIN ---

JOB NO. 28-02646E

BOX NO. 044

FOLDER NO. 016

19

DOCUMENT NO. 601
NO CHANGE IN CLASS.
DECLASSIFIED
CLASS. CHANGED TO: TS S C
NEXT REVIEW DATE:
AUTH: HR 702
DATE: 1/24/80 REVIEWER: 021189

January 1962

~~FOR OFFICIAL USE ONLY~~

~~FOR OFFICIAL USE ONLY~~

COMMUNIST CHINA
ORGANIZATION FOR THE CONDUCT OF
FOREIGN TRADE

January 1962

COMMUNIST CHINA
ORGANIZATION FOR THE CONDUCT OF FOREIGN TRADE

TABLE OF CONTENTS

	<u>Page</u>
I. GENERAL COMMENTS ON COMMUNIST CHINA'S FOREIGN TRADE	1
CHART OF THE ORGANIZATION FOR CONDUCT OF FOREIGN TRADE	
II. CHINESE COMMUNIST PARTY CONTROLS	10
A. Central Committee	10
B. Political Bureau	10
C. Finance & Trade Work Department of Central Committee	10
D. Lower Level Party Finance & Trade Committees	11
III. CHINESE PEOPLE'S GOVERNMENT ORGANS	13
A. State Council	13
B. Finance & Trade Staff Office	13
C. Commissions Under the State Council	13
D. Ministry of Foreign Trade	15
1. Market Research Institute	19

~~FOR OFFICIAL USE ONLY~~

	<u>Page</u>
2. Foreign Trade College	19
3. Finance & Trade Departments	20
4. Arbitration, Testing and Inspection	20
E. General Bureau for Economic Relations with Foreign Countries	21
F. China National (State-Owned) Corporations and Foreign Operations	22
1. China National Chemicals Import-Export Corporation	25
2. China National Metals & Minerals Import-Export Corporation	25
3. China National Machinery Import-Export Corporation	26
4. China National Tea & Native Produce Import-Export Corporation	26
5. China National Textiles Import-Export Corporation	27
6. China National Cereals, Oils & Foodstuffs Import-Export Corporation	27
7. China National Animal By-Products Import-Export Corporation	27
8. China National Light Industrial Import-Export Corporation	27
9. China National Complete Plant Export Corporation	28

~~FOR OFFICIAL USE ONLY~~

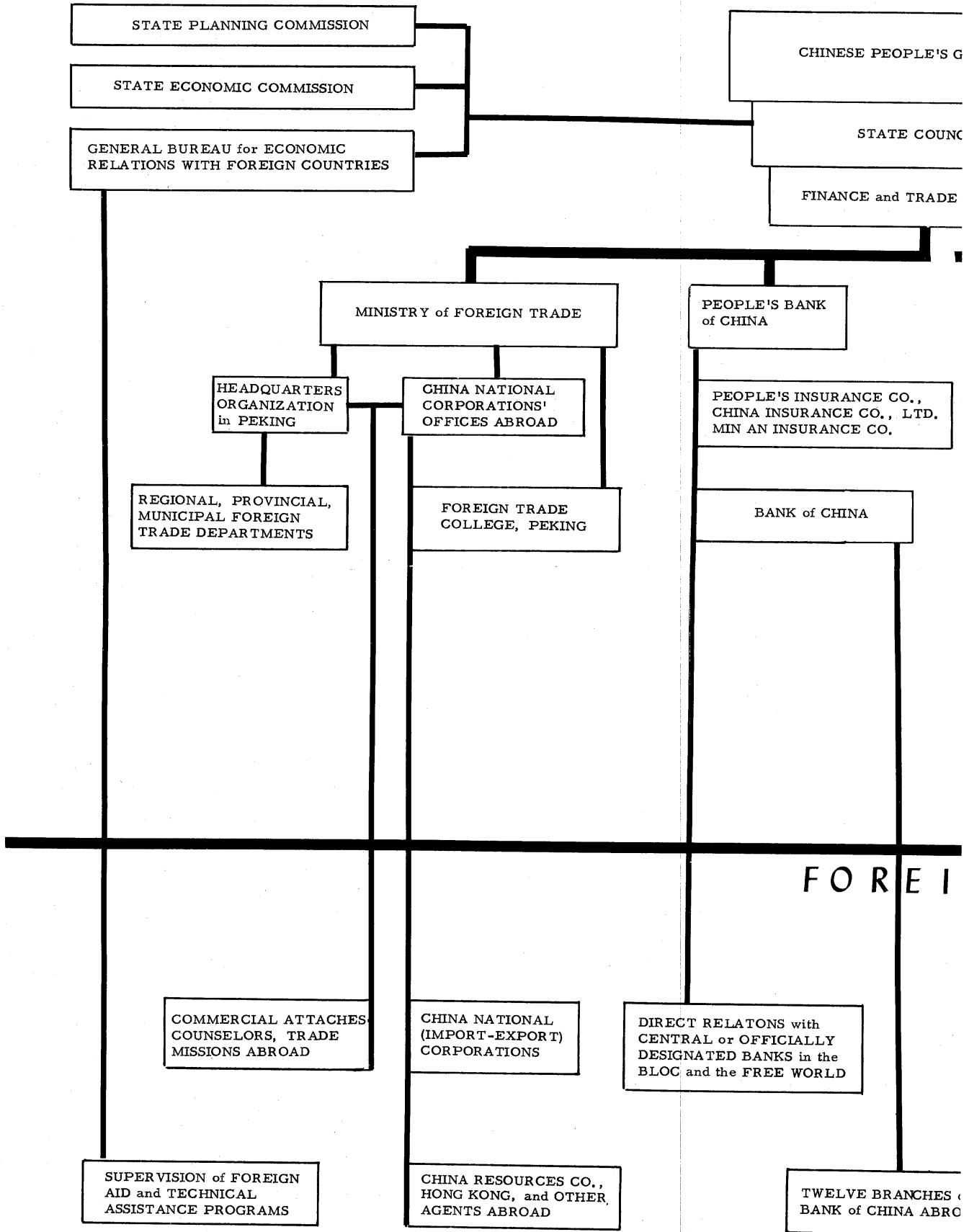
~~FOR OFFICIAL USE ONLY~~

	<u>Page</u>
10. China National Technical Import Corporation	28
11. China National Foreign Trade Transportation Corporation	28
12. Sinofracht Ship Chartering and Broking Corporation	28
13. Foreign Representation of the China National Corporations	29
G. Other Foreign Representation Related to Foreign Trade	31
1. Commercial Counselors and Attaches	31
2. Bank of China	33
3. People's Insurance Company of China	39
4. China Insurance Company, Ltd.	40
5. Min An Insurance Company	40
6. Guozi Shudian (China International Bookstore)	40
7. China Film Distribution and Exhibition Corporation	43
8. China Philatelic Company	45
IV. UNOFFICIAL ORGANIZATIONS	46
A. China Committee for the Promotion of International Trade	46

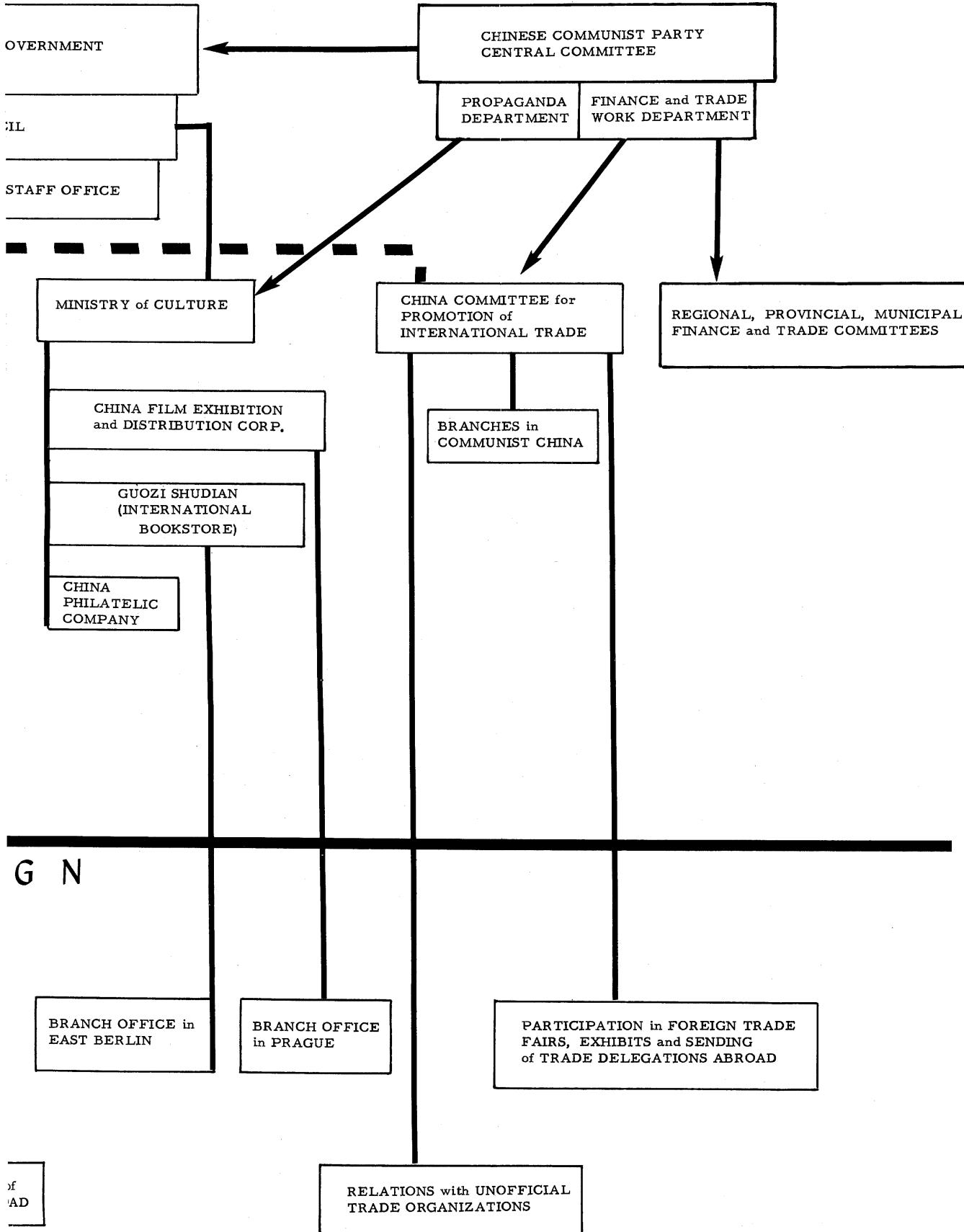
~~FOR OFFICIAL USE ONLY~~

	<u>Page</u>
B. All China Federation of Industry and Commerce Associations	51
C. Others	53
V. KEY FIGURES IN THE ECONOMIC SPHERE IN COMMUNIST CHINA	55
VI. ALPHABETICAL INDEX OF CHINESE NAMED IN STUDY	

Communist China: Organiza



tion for the Conduct of Foreign Trade



COMMUNIST CHINA

ORGANIZATION FOR THE CONDUCT OF FOREIGN TRADE

I. GENERAL COMMENTS ON COMMUNIST CHINA'S FOREIGN TRADE

It is abundantly clear that economic and foreign trade policy in Communist China is formulated within the Chinese Communist Party by a group of experts in these fields and is implemented through a number of organs, some under the Party, others under the Chinese People's Government organization, and still others described as "unofficial". The purpose of this study is to define the pattern of the overall organization, which is centered in Peking, to identify the organs and key personnel who shape economic and trade policies and programs and direct their implementation, and to briefly describe Red China's trade activities abroad.

Factual data to be found in succeeding chapters of this study should be viewed in perspective against the background of the comments of a general nature touching upon some of the more interesting aspects of Communist China's economic and trade policies and actions to be found in this chapter.

Every Sino-Soviet Bloc nation conducts its domestic as well as its foreign trade as a state monopoly under very strict controls. Because of this fact, normal commercial and economic considerations are closely correlated with the achievement of immediate or long-term Communist political objectives. Communist trading practices are highly flexible and thus can be shaped or shifted to fit particular domestic or international, long-term or short-term situations and to achieve specific political objectives. Communist China's organization for the conduct of foreign trade generally resembles that of its Soviet counterpart.

~~FOR OFFICIAL USE ONLY~~

There is close coordination with the planned economies and foreign trade programs of other members of the Sino-Soviet Bloc and the primary instrument controlling the flow of trade between China and the other Communist states has been bilateral long-term trade agreements expressed in generalized terms which call for balanced trade, with annual trade protocols supplemented by contracts for specific commodities, allowing trade balances occurring in any one year to be carried over into the next year as short-term swing credits.

Extension of economic assistance to non-Communist nations often is employed as a means of securing diplomatic recognition of Communist China, to secure other political advantages, and as a propaganda device. Offers of substantial Chinese Communist economic and technical assistance to newly-born nations of Africa, in some cases even before they have gained their independence, have impressed representatives of some of these nations who have found it difficult to differentiate between obvious political as against professed humanitarian motives. This is one facet of the program designed to obtain diplomatic recognition from these new nations. Another is found in the efforts exerted by nationals of these emerging nations who have been trained or entertained in Peking and who have succumbed to Red China's propaganda and professions of friendship. When non-Communist nations establish trade relations, permit the opening of trade agencies and sanction visits from Peking's trade delegations, Red China has been known to employ these concessions as a "foot in the door" to engage in political subversion and to strengthen ties with local Communist parties and front organizations. Peking widely publicizes such expansions of commercial relations as a means of adding prestige to Communist China's international posture. A close look at Communist China's performance in implementing grants of economic aid announced with much fanfare shows that such performance under the offers made has been far less than encouraging to some of the recipient nations.

Some foreign nations and business firms are deluded by memories of free market opportunities that existed in the China of 20 years ago, while others are lured by the legend of an alleged "potential consumer market" of nearly 700,000,000 people on the China mainland. Some nations and individual

~~FOR OFFICIAL USE ONLY~~

firms have learned to their sorrow and frustration that there is no free market in Communist China and that the import and export trade of today's Communist China flows through firmly regulated spigots which may be turned on and off at the Peking level to suit the regime's political aims.

Communist China has formulated its foreign trade policy with one eye on its economic goal and the other on ideological and propaganda objectives. Its trade policy has been shaped so as to maximize development and expansion of industrial capacity, a drive to achieve self-sufficiency, and to limit trade to the greatest degree possible to countries of the Sino-Soviet Bloc. In addition to economic benefits derived from limited trade with the Free World, Peking has injected political expediency into many trade contacts with western nations to build prestige for Communist China and in an attempt to breach remaining UN-sponsored trade-control measures. Red Chinese trading methods have exerted an influence over the economies of some small Asian nations which are largely dependent upon the sale and export of one principal product. Businessmen in other nations, such as Japan, have suffered serious financial losses in trying to deal with Communist China and the potential for such losses exists for any country not carrying on its trade with Peking with the most extreme caution. A net surplus in trade with non-bloc nations of the Far East and Asia has resulted in acquisition of scarce foreign exchange with which to partly offset the net deficit in trade with European and other non-bloc countries.

So far as is practicable, Communist China in the past has sought to channel its trade with non-Bloc nations through firms, individuals or agents in those countries which are Communist-controlled or pro-Communist although this is by no means a firm rule. Profits from such trade agencies have been split in some instances with the local Communist parties or used to finance Peking's political or subversive activities abroad.

In addition to direct trade dealings handled by the Chinese People's Government's Ministry of Foreign Trade and the state trading corporations which it controls, Peking pursues its campaign to expand its foreign trade through commercial

~~FOR OFFICIAL USE ONLY~~

representatives attached to all its diplomatic installations, through trade agencies and missions, and through extensive and costly participation in trade fairs, as do most trading nations of the world. However, in Red China's case, many items exhibited at trade fairs have not been in production and were often not available for export. The campaign to expand foreign trade is also conducted through "unofficial" trade delegations sent from and invited to Communist China as part of a larger program which Peking calls "people's diplomacy." In pursuit of its "people's diplomacy" program Communist China utilizes a cadre of foreign trade politicians and career "unofficials" as well as a number of organized "unofficial" groups called "people's organizations." Leading "unofficials" travel to and operate in foreign countries of the Free World on diplomatic passports. Others of less importance travel on service passports. Issuing diplomatic passports to afford a cover for persons engaging in activities inimical to the interests of the host countries is a common Communist practice. In addition to formal trade agreements and protocols with some nations, principally those of the Sino-Soviet Bloc, the "people's diplomacy" campaign has led to the signing of many trade agreements with firms and associations in non-Communist nations. These agreements are unofficial so far as the other side is concerned, but are official so far as Communist China is concerned because they could not be entered into without the approval of the Chinese Communist Party and the Chinese People's Government.

Trade relations have been developed in more than 80 nations and territories in the Free World but relatively few government-to-government trade agreements have been signed outside the Sino-Soviet Bloc.

Value of Communist China's Foreign Trade
(in U.S. Dollars)

	<u>1950</u>	<u>1959</u>	<u>Approx. 10-yr. gain</u>
Total	1,215,000,000	4,275,000,000	250%
With Free World	865,000,000	1,380,000,000	60%
With U. S. S. R.	320,000,000	2,055,000,000	550%
With European and Far East Bloc	25,000,000	840,000,000	3,250%

~~FOR OFFICIAL USE ONLY~~

Between 1950 and 1958 Red China had moved from 22nd to 11th among the nations of the world in foreign trade. In 1950 two thirds of its trade was with the Free World but by 1955 this amounted to only 26 per cent of the total. By 1958 Free World trade had recovered to about 38 per cent but declined again to 32 per cent in 1959.

The process of bringing Communist China's foreign trade under state control was even more rapid than in the case of domestic commerce and industry. The Ministry of Trade, established when the government was formed in 1949, was split into the Ministry of Commerce and Ministry of Foreign Trade in August 1952. Complete power over the direction and volume of foreign trade, in accordance with the national economic program, now is in the hands of the government, and thus under CCP control. In 1950 official government agencies controlled 70 per cent of all imports and 54 per cent of all exports. By 1953, 92 per cent of the total foreign trade was under State control, increasing to 97 per cent by 1954, and to 99.2 per cent in 1955. Long-term trade agreements with the Sino-Soviet Bloc are based for the most part on the ruble as the unit of accounting and clearing, while the pound, with some exceptions, has been the unit of account for trade with non-Bloc nations.

Being an instrument of government economic policy, Communist China's foreign trade and its development has been geared closely to the fulfillment of the Five-Year Plans. Tariffs were imposed in 1950 calling for high protective rates on products which are also domestically produced, while moderate rates or exemptions were granted on imports of industrial equipment, raw materials and goods considered essential to fulfillment of the program of industrial expansion.

In the years of the Chinese Communist regime up to 1958, shipments to and from non-Communist countries were carried almost entirely by Western shipping. During 1958, taking advantage of the low charter rates, more than 100 ships were chartered by Peking, principally in Western Europe. A small number of Liberty-type merchant ships were also purchased, to be manned by Chinese crews. At the present rate of growth,

Red China's flag should appear before long in most major world ports on a merchant marine of more than 2 million gross registered tons. A survey released in October 1961 by the U.S. Maritime Administration on merchant fleets of the world, stated that as of 1 July 1961 Red China had a fleet of 146 merchant ships with deadweight tonnage of 721,000 tons.

Statistics concerning Communist China's foreign trade, when made public, are often quoted in relative percentages as compared to some other period for which actual figures are not available and researchers are unable to confirm their accuracy. Another problem is translating yuan figures in their correct dollar values. There is some evidence that even her closest trading partners in the Sino-Soviet Bloc have had some difficulty in obtaining adequate statistical data concerning Communist China's foreign trade. Such secrecy (or it may be due in part to incompetence in the statistical field) casts doubt on many statistics issued by Peking, and all the more so when one recalls Peking's own admission that it had exaggerated and falsified agricultural and industrial production figures reported in 1959. While Communist China undoubtedly has made substantial economic and industrial progress since 1949, proclamations that every goal set forth in the Five-Year Plans has been overfulfilled and reluctance to publish valid, usable statistics tend to subject Peking's boastful claims to question, creates suspicion that they are frequently padded, and gives them an aroma of propaganda. Dismissal of CHIA Ch'i-yün as director of the State Statistical Bureau in July 1961, his replacement by WANG Ssu-hua, and the dismissal of SUN Yeh-fang as deputy director in August 1961 may indicate continuing statistical problems when considered together with Peking's recent silence on production figures and goals. One month following CHOU En-lai's state of the economy report in August 1959 in which CHOU admitted that previously announced statistics were "a bit high", HSÜEH Mu-ch'iao had been dismissed and replaced by CHIA Ch'i-yün as head of the State Statistical Bureau. Thus there have been three heads of this bureau in a span of less than two years.

Three years of natural disasters (1959, 1960 and 1961), possibly aggravated by faulty planning on every level,

mismanagement by Party cadres, poor statistical operations and weaknesses in the commune system, have resulted in economic difficulties and may have created political problems in Communist China. One correspondent reported from Hong Kong that more than one out of every seven secretaries of provincial CCP committees were dismissed in the ten months prior to July 1961, but this is not confirmed. A sharp decrease in agricultural production has caused the shift of large numbers of urban workers to the farms and reclamation projects and may result in further political purges of officials deemed responsible. Natural disasters and certain weaknesses in the production and distribution systems have caused shortages of raw materials for light industry. Scarcity of agricultural products, which has in turn resulted in reduction of products available for export, has slowed down exports and necessitated the purchase abroad of large amounts of wheat from Canada, flour from Australia, and barley from France, depleting already short foreign exchange reserves, particularly of sterling.

Communist China is reported by the press to have sold scores of millions of dollars worth of silver in 1961 on the London bullion market to earn foreign exchange, and to have shipped gold bars to London for assaying, usually a preliminary to qualify as a seller of gold on the world market. Communist China's commitments for the import of food stuffs (grain from Canada, flour from Australia, \$90 million worth of Cuban sugar, \$10 million worth of barley from France) by June 1961 totaled between \$300 and \$400 million. Of the total imports of \$670 million in 1959, only \$5 million consisted of food imports. Perhaps 5% of the grain imports in 1961 will be re-exported to meet commitments made in trade and aid deals with Cuba, Ceylon, Albania and other countries. The rapid pace of expansion of heavy industry over the past few years caused strains and imbalances which became most apparent in 1960-61.

Sino-Soviet negotiations of "economic relations" and trade protocols for 1961 (probably also including such matters as provision for Soviet experts and aid projects) began in February. By April a plan for liquidating Red China's 1960 trade deficit and a preliminary trade agreement had been formulated. It is

~~FOR OFFICIAL USE ONLY~~

possible that the negotiations were seriously affected by recent political and ideological differences. Peking's 1960 challenge to Moscow's authority in the Communist Bloc and the Soviet's criticism of the commune form of rural organization have undoubtedly resulted in a reduction of Soviet assistance to Communist China's industrial construction program. Withdrawal of Soviet technical experts in 1960 was one result of differences with the U.S.S.R. over political issues. It seems significant that although Communist China had to purchase grains from Western nations in 1960-61 and in spite of Soviet offers to export grain in prospective trade agreements with other nations, no mention was made of Soviet offers of grain to China in the April trade negotiations, nor was there any mention of proposed export to the U.S.S.R. of Chinese food stuffs, which made up a significant part in previous Sino-Soviet foreign trade.

Although Peking has been significantly quiet on the subject, the Soviet foreign trade magazine, Vneshnaya Torgovlya, revealed Communist China to be indebted to the extent of \$320,000,000 resulting from a deficit in trade with the U.S.S.R. in 1960, the equivalent in value to one-third of Moscow's exports to Communist China in 1959, and equal to almost half of such exports in 1958. The April 1961 Sino-Soviet trade agreement extended the period for repayment of this short term trade debt in interest-free installments over 5 years beginning in 1962.

A Soviet trade delegation arrived in Peking in August 1961 amid some speculation that its mission was to renegotiate the April trade agreement because of Red China's inability to meet promised export quotas. A joint communique issued August 26th noted that the delivery of goods under the 1961 Sino-Soviet exchange protocol "in general has been good" but both parties "agreed to take further steps to fulfill still better" the stipulated commitments.

Mention should be made of personal overseas remittances to the China mainland, which amounted to about \$925,000,000 during the period 1950-1959. Although this source of foreign exchange has been receding in importance in recent years, it is still a lucrative one. These remittances over the 10-year period

~~FOR OFFICIAL USE ONLY~~

have been more than sufficient to offset Communist China's cumulative trade deficit of \$832,000,000 on commercial account (including costs of transportation and insurance). Although in most years of the decade annual remittances generally exceeded the deficit, they fell short of doing so in 1959.

The following chart of the organization for the conduct of foreign trade will be of value, if used in connection with descriptive data contained in succeeding chapters of this study.

~~FOR OFFICIAL USE ONLY~~

~~FOR OFFICIAL USE ONLY~~

II. CHINESE COMMUNIST PARTY CONTROLS

A. CENTRAL COMMITTEE

There are a number of Central Committee members who are considered specialists in the field of economics but the only two among the 96 regular and 95 alternate members clearly identified as leaders in the sphere of foreign trade or aid are YE H Chi-chuang, who is also Minister of Foreign Trade, and FANG I, Director of the General Bureau for Economic Relations with Foreign Countries.

B. POLITICAL BUREAU

Of the 19 regular and six alternate members of the Politburo, four of these might be called economics specialists, CHEN Yün, PO I-po, LI Hsien-nien and LI Fu-ch'un. The latter two also serve as members of the Party Secretariat.

C. FINANCE & TRADE WORK DEPARTMENT OF THE CENTRAL COMMITTEE

This is one of eight major departments of the Central Committee and although its activities and functions are cloaked with the usual Communist secrecy, it is evident that it supervises and directs Party interest in the foreign trade activities of Communist China, in addition to the field of finance and domestic commerce. The Finance and Trade Work Department was apparently raised in 1959 to departmental status. There have been finance and trade committees at the provincial level for some years, and the department was probably established to handle the increasingly complex problems in this field. The department's principal concern would be with party committees supervising governmental activities in finance, trade, taxation, banking and food distribution.

Nothing is known of the organization under this department, but it may safely be said that there is a section directly concerned with Chinese Communist Party policy as it concerns foreign trade. Director of the Finance and Trade Work Department is MA Ming-fang, a regular member of the Central

~~FOR OFFICIAL USE ONLY~~

Committee, while his deputy is YAO I-lin, an alternate member of the Central Committee. MA's Party background as a political organizer and his membership on the Central Control Committee indicate that his responsibility as head of the department is more one of insuring Party loyalty and political control over personnel engaged in the area of the department's jurisdiction than it is for technical and professional activities. YAO, who is also Minister of Commerce, studied economics at Tsinghua University and is believed to be more concerned with domestic commerce than with foreign trade. It also seems logical that trade relations between Communist China and Communist parties in nations which are members of the Sino-Soviet Bloc come under joint cognizance with the International Liaison Department of the Party's Central Committee, which deals at the Central Committee level with Communist parties in nations comprising the Sino-Soviet Bloc and with at least some Communist parties in non-Bloc areas.

D. LOWER LEVEL PARTY FINANCE AND TRADE COMMITTEES

Although nothing is known of the extent to which they are concerned with foreign trade, which is more likely handled at the Central Party level, Finance and Trade Committees are to be found in Party organizations at the regional and provincial levels and in some of the larger municipalities, carrying out Party policy and working under Party committees on the local levels. There have been finance and trade committees of the Party organization at regional and provincial levels for some years, even prior to 1949. These committees, while working closely with local Party committees, probably also have some channel direct to the Finance and Trade Work Department in Peking.

The extent to which political considerations affect Red China's trade is illustrated in the manner in which its agency in Hong Kong, the China Resources Company, has responded to inquiries from American importers and exporters. The U. S. Government's "hostile, predatory and discriminatory attitude toward Communist China" is given as the reason for refusing to deal with U. S. business firms, manufacturers and banks. Put

~~FOR OFFICIAL USE ONLY~~

~~FOR OFFICIAL USE ONLY~~

in simpler terms, this means that the U. S. has long prohibited trade with Communist China. However, if the Communist Chinese want to sell or buy certain products or materials badly enough, they are willing to export or import directly or indirectly to or from any nation.

III. CHINESE PEOPLE'S GOVERNMENT ORGANS

A. STATE COUNCIL

This is the executive arm (or cabinet) of the Chinese People's Government, headed by Premier CHOU En-lai, and there are 16 Vice Premiers. The same four economic specialists who are members or alternates on the Party's Political Bureau are also Vice Premiers. These are CH'EN Yün, who was also Chairman of the former State Capital Construction Commission, LI Fu-ch'un, Chairman of the State Planning Commission, LI Hsien-nien, member of the Party's Secretariat, Director of the State Council's Finance and Trade Staff Office and Minister of Finance, and PO I-po, who is Chairman of the State Economic Commission and concurrently director of the Industry and Communications Staff Office of the State Council. Membership of the State Council includes all heads of ministries; therefore, YEH Chi-chuang, Minister of Foreign Trade, is a member.

B. FINANCE AND TRADE STAFF OFFICE

There are six staff offices of the State Council, each of which exercises general cognizance over and administrative coordination of a group of ministries, commissions and special agencies under the Council. One of these is the Finance and Trade Staff Office, responsible for supervision over banking, domestic commerce and foreign trade, of which LI Hsien-nien is the director. YAO I-lin, also Deputy Director of the Party's Finance and Trade Work Department, an alternate member of the Central Committee and Minister of Commerce, is one of six deputy directors of this Staff Office, as is YEH Chi-chuang, Minister of Foreign Trade and CCP Central Committee member. The other deputy directors are NIU P'ei-ts'ung, TUAN Yün, TENG Ch'en-hsi and MA Ting-pang, concerning whom little is known other than that appearing in Part V (page 54) of this Study.

C. COMMISSIONS UNDER THE STATE COUNCIL

There are eight commissions under the State Council, two of which have a relationship to foreign trade. The State

~~FOR OFFICIAL USE ONLY~~

Planning Commission, headed by LI Fu-ch'un, translates the political and economic policies and objectives of the Chinese Communist Party into the Five-Year Plans, staffs the plans out with the government ministries concerned, and supervises their execution. Provision is made in the planning for trade quotas in the broad sense with the Sino-Soviet Bloc and with areas of the Free World with which Peking desires to develop or expand trade relations. Also considered by the Ministry of Foreign Trade planning section in carrying out its functions under the Five-Year Plans are those actions designed to inflict political and economic damage to free nations or to create rifts between the U. S. and friendly nations over the policy of trading with Communist China. Little is known of the organization under the State Planning Commission, but there have been reports of an Economic Research Bureau (or Institute) in Peking under the Commission, with YUNG Lung-kuei as its director, which is said to have under it a number of sections including one called the World Economy Section. It was reported that this section gathers, compiles, and studies data concerning the economies of other nations and their foreign trade and prepares theoretical analyses. It is possible that the source of this report confused this Bureau with the Scientific Research Institute of World Economy of the Ministry of Foreign Trade.

The State Economic Commission, of which PO I-po is the chairman, is concerned with year-by-year economic planning and translation of the Five-Year Plans into annual programs. This Commission is concerned with all facets of the economy and, therefore, with matters concerning imports and production for export.

It is not contended that these commissions control foreign trade or the Ministry of Foreign Trade. Rather, the plans and programs which the commissions develop, after being approved by the Party and the State Council, apparently are carried out by the governmental organs engaged in the conduct of foreign trade, where they so apply.

~~FOR OFFICIAL USE ONLY~~

~~FOR OFFICIAL USE ONLY~~

D. MINISTRY OF FOREIGN TRADE (MFT)

One of the 31 ministries under the State Council is the MFT, of which YEH Chi-chuang is Minister. There are seven Vice Ministers: LEI Jen-min, LI Ch'iang, CHIANG Ming, LIN Hai-yün, LU Hsü-chang, PAI Hsiang-yin and YANG Hao-lu. There are also three Assistants to the Minister: CHIA Shih, CHOU Hua-min and FU Sheng-lin.

The headquarters of the Ministry is at Tung Tan Ch'ung Nei Ta Street in Peking. From information presently available, the headquarters organization may be reconstructed as follows (there may be other departments, bureaus and offices, while Party committees exist through the Ministry as they do in all government organs).

Functions of the Ministry of Foreign Trade include: (1) Preparation of state plans for imports and exports and for allocation of foreign exchange (including supervision of the implementation of the plans after State Council approval); (2) Coordination and direction of customs and inspection operations, and issuance of import, export and transit permits; (3) Development of trade relations, negotiation and signing of contracts and agreements for trade and technical aid; and (4) Directing the activities and policies of the China National (state-owned) import-export corporations.

The four bureaus at the top echelon under the Ministry are:

First Bureau (Commercial relations with the USSR)

Director	CHIANG Ming
Deputy Directors	MING Ko CHANG En-shu

Second Bureau (Commercial relations with other Sino-Soviet Bloc nations)

~~FOR OFFICIAL USE ONLY~~

~~FOR OFFICIAL USE ONLY~~

Director CHIA Shih

Deputy Directors LIU Jo-ming
KAO Lu

Third Bureau (Commercial relations with European countries, Canada and Australia)

Director CH'EN Ming

Deputy Directors WANG Ying-chi
SUN Chun

Fourth Bureau (Commercial relations with Asian and African nations)

Director LIU Hsi-wen

Deputy Directors WANG Chao-hsün
LI Hsin-nung

To handle trade planning and direct the activities of the China National trading corporations there are two bureaus of the MFT at the Peking level:

Export Bureau

Director SHU Tzu-ch'ing

Deputy Director CHANG Yun-hsiao

Import Bureau

Director

Deputy Director YANG Mien

Other identified subdivisions under the Ministry in Peking are as follows:

General (or Staff) Office

Director

Deputy Director

Political Department

Director

Deputy Director*

Protocol Department

Director

MAI Wan-lan

Deputy Director

Customs Administration

Director

HU Jen-k'uei

Deputy Director

YIN Chih-yüeh

Commodity Testing & Inspection Bureau

Director

Deputy Director

LIAO T'i-jen

Transportation Department

Director

Deputy Director

FANG Chih-chiang

~~FOR OFFICIAL USE ONLY~~

Equipment Department

Director TSANG Yan-chi

Deputy Director

Whole Sets Equipment Bureau

Director

Deputy Directors CHIANG Yen-ch'ing
YANG Wei

Technical Cooperation Bureau

Director

Deputy Directors

There have been reports of a Supervisory Bureau and, although nothing is known of its functions, it may exercise cognizance over the Foreign Trade Bureaus found under the government organizations in the five autonomous regions, in six of the 21 provinces, in Shanghai and in Canton. When Communist China was divided into six large regional CCP Bureaus and government-military administrative areas (prior to 1954, when they were abolished) there were Special Commissioners in each government administrative area. These commissioners, responsible to the Ministry of Foreign Trade, were engaged in planning and plan fulfillment, and supervised branches of the state-owned trade companies located in their regions. Although the six regional CCP bureaus were re-established in January 1961, the governmental area administrations are not known to have been reinstated. There is no current information to confirm that the Special Commissioner posts still exist but the same functions may be performed by heads of the foreign trade bureaus in the autonomous regions, some of the provinces and

~~FOR OFFICIAL USE ONLY~~

~~FOR OFFICIAL USE ONLY~~

the special municipalities of Shanghai and Canton. Also under the Ministry of Foreign Trade is a Public Relations Office. Another office is responsible for the selection and servicing of commercial counselors and attaches assigned to diplomatic installations abroad. This office probably also handles the affairs of persons assigned to trade agencies and offices of the China National corporations abroad.

1. Market Research Institute

Little is known of this institute, but it was reported to be a part of the Ministry of Foreign Trade with subsidiary offices manned by country and area trade specialists who gather and analyze data from all sources concerning the trade of other countries, relating it to Communist China's foreign trade program and planning. Another report referred to a Scientific Research Institute of World Economy under the Ministry of Foreign Trade, which may be identical, but nothing is known of its functions. One source believes the Market Research Institute may be the same as the Foreign Trade Research Institute which was probably merged with a department of the People's University to form the Central College of Foreign Trade.

2. Foreign Trade College

This institution (sometimes called the Central College of Foreign Trade or the Peking Foreign Trade Academy) probably is under the joint cognizance of the Ministries of Foreign Trade and Education. LI Ch'iu-yeh was reported to be president in 1959. Prior to 1956 it was a department under the People's University. There are also special schools for "bank cadres", "financial cadres" in Peking. Some instructors are foreign Communists teaching foreign languages and a limited number of members of foreign Communist Party members from non-Bloc nations are believed to have been students at the Foreign Trade College. One source reported that Nank'ai University, Tientsin, was formerly known as the Economics Research Institute (Chingchi Yenchiu SO).

~~FOR OFFICIAL USE ONLY~~

~~FOR OFFICIAL USE ONLY~~

3. Finance and Trade Department

Finance and Trade Departments (or Bureaus) are found in the governments of autonomous regions and some of the provinces and special municipalities, but are not believed to be concerned to any important degree with foreign trade except as it is related to production of goods for export under the state economic plans or in estimating import requirements under directions from the Ministry of Foreign Trade in Peking. These are not to be confused with the Party Finance and Trade Committees at lower levels although the committees and departments undoubtedly work in close coordination.

4. Arbitration, Testing and Inspection

Exactly where Chinese Communist policy is made with regard to arbitration of disputes over the fulfillment of trade contracts is not known, but it is believed that this is a joint responsibility of the Ministry of Foreign Trade and the CCP Finance and Trade Work Department. It has been reported that under the China Commission for the Promotion of International Trade there are a Maritime Arbitration Commission and a Foreign Trade Arbitration Commission. The former arbitrates claims arising from shipping while the Foreign Trade Arbitration Commission, formed in 1956, arbitrates disputes arising in foreign commerce. Although a survey showed that there is no uniformity in Red China's requirements pertaining to arbitration, the arbitration clause sought by the China National corporations has long been a source of disagreement between these corporations and European traders. Arbitration in Peking is sought by all Chinese Communist trade organizations and appears to be uniformly applied in dealings with representatives of Western firms in Hong Kong. Where transactions have involved imports or urgently needed strategic materials or products, Peking frequently has acceded to requests that contracts provide for arbitration in the West. In other dealings and in the case of exports from Red China, the China National corporations have usually insisted on arbitration in Peking.

~~FOR OFFICIAL USE ONLY~~

~~FOR OFFICIAL USE ONLY~~

The Commodity Inspection and Testing Bureau of the Ministry of Foreign Trade and its branches are established to certify as to quality, quantity, weight and other specifications. Contracts for the export of Chinese Communist goods categorically state that quality, quantity, and weight controls of the China Commodity Inspection and Testing Bureaus will be decisive. When arbitration is to be conducted in Peking, it can be expected that most claims will be adjudged to the disadvantage of the Western trading firm. Hong Kong firms dealing with Communist China consider the arbitration clause meaningless in that claims are prejudiced in advance by the clause in all contracts signed there providing that the finding of the Commodity Inspection and Testing Bureau or its branch at the port of entry serves as the basis for lodging a claim. Thus the judge is one of the parties to the claim, the Chinese Communist government itself. Some Western firms have deleted the Commodity Inspection clause from contracts without argument from Peking. No recent case is known where an arbitration dispute involving Communist China has been carried to its conclusion in Peking or elsewhere. Ordinarily differences have been settled only after protracted negotiations in true Communist style.

E. GENERAL BUREAU FOR ECONOMIC RELATIONS
WITH FOREIGN COUNTRIES

Exactly how this bureau, formally established at a plenary session of the State Council in April 1961, fits into the government organization has not been announced, but it is believed to be one of the Special Agencies of the State Council, under the cognizance of the Finance and Trade Staff Office. The importance of this new organ is indicated in that its head is FANG I, an alternate member of the CCP Central Committee, Vice Chairman of the State Planning Commission, deputy director of the State Council's Staff Office for Foreign Affairs and formerly chief Chinese economic advisor to the North Vietnamese government.

Until its operations have been observed over a period of time the functions assigned to this new bureau will not be fully known. There are some observers who are of the opinion that

~~FOR OFFICIAL USE ONLY~~

this bureau was established to more effectively supervise and coordinate the foreign aid and technical assistance programs entered into by Communist China, which commitments totaled more than a billion dollars at the end of 1960, \$266 million of this total to countries in the Free World and \$816 million to other nations of the Sino-Soviet Bloc. More than 60% of Communist China's total aid program consists of commitments made since January 1960. Since 1 January 1961 Communist China has extended credits and grants to non-Communist nations in an amount equal to about half the total of all such aid granted from 1954 through 1960.

FANG I's several executive posts and previous position as economic advisor to North Vietnam, one of the principal benefactors under Peking's foreign aid program, tends to indicate that this new bureau may operate in a manner similar to the Soviet State Committees for Foreign Economic Relations. Five of the eight deputy directors named below have played a role in economic relations with members of the Sino-Soviet Bloc and with nations of Southeast Asia.

The top officials of the General Bureau for Economic Relations with Foreign Countries are:

Director	FANG I
Deputy Directors	LI Chiang LIU Ming-fu CHOU Chien-nan LIU Ting LI Che-jen YANG Lin CHANG Yen-ching SHIH Ying TU Kan-chuan

F. CHINA NATIONAL (STATE-OWNED) CORPORATIONS
AND FOREIGN OPERATIONS

These twelve (formerly seventeen) "China National" corporations which transact almost all of Communist China's foreign trade are wholly owned by the State, and are under the

~~FOR OFFICIAL USE ONLY~~

supervision of the Ministry of Foreign Trade. The "China National" corporations specialize in the import and export of specific types of raw materials and manufactured goods. One (the China National Complete Plant Export Corporation) exports complete sets of Red China-made equipment and designs for factories and plants, while the import of complete factories or industrial units is a function of the China National Technical Import Corporation. There are two corporations which might be said to support the total foreign trade program, the Sinofracht Ship Chartering and Broking Corporation and the China National Foreign Trade Transportation Corporation.

Each spring and fall since April 1957 a Chinese Export Commodities Exhibition or fair sponsored by the China National corporations and the Ministry of Foreign Trade has been held in Canton. It now occupies a six-story building and both LIU Chun-chiao and WEI Chin-fei have been reported as director of this fair. Most visitors come from Hong Kong and Macao, but other prospective buyers and sellers attending these fairs represent Asian and European nations.

Despite Chinese Communist propaganda to the contrary, impartial observers have commented that the ninth spring export commodities fair in Canton, which ran from 15 April to 15 May 1961, resulted in a substantially smaller number of transactions than were consummated at previous fairs and prices quoted for goods offered for export were higher. Radio Peking claimed that 1,600 businessmen from all over the world had contracted purchases from the China National corporations totaling in value over 45.7 million pounds sterling during the fair, and that more than 20,000 separate items were displayed, some 2,000 of them for the first time. However, one European businessman stated he was told by Chinese Communist trade officials in Canton that they could not commit themselves to firm delivery dates on most agricultural products and hog bristles because such products had been committed for as long as two years in advance in payment for foreign purchases of grains, flour, and other foodstuffs as a result of crop failures.

In his book, Red China: An Asian View, Indian demographer Sripati Chandra-sekhar, who was in Communist China in

~~FOR OFFICIAL USE ONLY~~

1958-59, told of visiting the Canton Spring Export Commodities Fair and talking to Asian buyers and traders attending the Fair. He saw on display cars, trucks, textile machinery, radio and television sets, stoves, refrigerators, precision instruments and locomotives among other modern industrial goods, bearing the labels "Made in People's China." To his surprise the author learned from those wise to Communist ways that only a few of these products were actually made in Chinese factories, while some were made in experimental quantities with Soviet technical help. Few items displayed were made for use in China and it would take months or years to deliver even these items in any substantial quantity. Some products were actually imports from elsewhere in the Sino-Soviet Bloc whose original labels had been removed and replaced with "Made in People's China" labels. One trader told of placing orders from samples at one of these fairs which were never delivered and of other items ordered which were made in other Communist countries and relabeled before shipment from Red China. Another foreign buyer stated: "This exhibition is put on not so much to do business as to impress foreign visitors."

The central offices of the China National corporations in Peking receive requests for orders from foreign customers through their branch offices, from embassies and trade representatives abroad, or by direct inquiry from prospective purchasers. The central offices then obtain offers and distribute the orders according to the urgency of the needs, quotas available, and always in accordance with the over-all economic plan. This procedure, in which the buyer and supplier have no contact with one another, sometimes causes complications because of lack of expertise among some of the Chinese officials and negotiators of the national corporations.

In April 1961 it was reported that there had been a number of amalgamations and reorganizations, reducing the number of the "China National" corporations from 17 in 1960 to the twelve described below.

With five exceptions the China National corporations all have their headquarters at Hsi Chiao, Erh Li Kou, Peking.

~~FOR OFFICIAL USE ONLY~~

The Complete Plant Export Corporation home office is at Soochow Hutung, Peking. Headquarters is at Tung An Men Street, Peking, for the Tea and Native Produce Import-Export Corporation, Cereals, Oil and Foodstuffs Import-Export Corporation and Animal By-Products Import-Export Corporation.

Except for the Complete Plant Export Corporation and the Technical Import Corporation, which have offices only in Peking, all the other ten corporations have branches in Shanghai, Tientsin, Canton, Tsingtao and Dairen. Some of the corporations also have branches in other seaports and riverports such as Hankow, Foochow, Amoy, Changsha, Swatow, Nanning, Pei-hai, Taku and Chinwangtao.

Under each of the corporations there are specialized departments, some handling one specific product or service and others combinations of related products and services. There are also a number of subsidiary state-owned corporations coming under the cognizance of the Ministry of Foreign Trade. The corporations concerned with foreign trade dealt with in this study are not to be confused with the numerous state-owned trading corporations engaged in domestic commerce in Communist China.

The following are the twelve present China National corporations, the general types of exports and imports or services which each of the twelve China National corporations deals in, and a description of the foreign representation of these corporations.

1. China National Chemicals Import-Export Corporation

Imports and Exports: Chemicals, pharmaceutical products, drugs, fertilizers, dyestuffs, pigments, rubber and rubber products, petroleum and petroleum products.

2. China National Metals and Minerals Import-Export Corporation

~~FOR OFFICIAL USE ONLY~~

~~FOR OFFICIAL USE ONLY~~

Imports and Exports: Iron and steel products and alloys, railroad equipment, sheet metal, non-ferrous metals, crude or rolled, semi-finished metal goods, hardwares, electric cables and wires, other metal products, non-ferrous products, rare metals, ferrous and non-ferrous minerals, ores, asbestos, concentrates, coal, cement, and other non-ferrous and non-metallic minerals. WANG Hsiao-ta, formerly with CNIEC in East Berlin, was reported to be general manager of this corporation.

3. China National Machinery Import-Export Corporation

Imports and Exports: Agricultural and building machinery, machines for chemical, textile and paper industry, printing machines, mining equipment, electrical equipment and appliances, machine tools, cutting and other tools, precision measuring equipment, air compressors, cranes, excavators, generators, wood industry machines, diesel pumps, and other light industry machines and equipment, scientific and medical instruments, communications equipment, cameras and photographic supplies, calculating machines, typewriters, laboratory equipment, electrical, electronic and radio equipment, vehicles and other equipment for transportation, automobiles, tractors and bulldozers, agricultural transportation, engineering construction equipment, and architectural equipment. LI Meng-hou is reported to be general manager.

4. China National Tea and Native Produce Import-Export Corporation

Imports and Exports: Tobacco, bast fibre manufactures, raw wood, wood and timber, resins, taw varnish and lacquer, gallnuts, menthol crystals, turpentine, peppermint oil, spices and essential oils, dehydrated fruits and vegetables, ceramics and porcelainware, laces, table cloths and other handicrafts, all sorts of tea, and cocoa.

5. China National Textiles Import-Export Corporation

Imports and Exports: Raw silk, silk piece goods, tussha silk, pongees, silk by-products, silk finished goods, embroideries, artificial fibres, cotton, cotton textiles, wool and bast fibre textiles. The general manager is believed to be CH'EN Yang.

6. China National Cereals, Oils and Foodstuffs Import-Export Corporation

Imports and Exports: Cereals, grains, edible and industrial vegetable oils, essential oils, oil-bearing seeds and kernels, salt, copra, livestock and poultry, meat and meat products, animal fats and tallows, vegetables, fruits, marine products, fish meal, eggs and egg products, liquors and wines, sugar and sweets, canned goods, and other products. General manager is LI Fan-ju or YU Ts'ui. CHANG P'ing, former head of China Resources Company of Hong Kong, is assistant manager.

7. China National Animal By-Products Import-Export Corporation

Imports and Exports: Wool and hairs, skins, furs, hides, leather, carpets, brushes, feathers and downs, bristles and horsehair (and products made of these materials), casings, gut strings, and breeding animals. Both SUNG K'o-ch'iang and KU Keng-yu have been reported as general manager.

8. China National Light Industrial Products Import-Export Corporation

Full details are not known concerning exactly which products fall within the categories handled by this corporation, which was established in early 1961. The following items which were formerly handled by the abolished Sundries Export Corporation are believed to be among those imported and exported: Building materials, paper and stationery, sports goods, household goods, synthetics, glasswares, wood and pulp products, bicycles, sewing machines, enamelware, toys, cosmetics, clocks

musical instruments, plastics and electrical appliances.
MA I-min is believed to be general manager.

9. China National Complete Plant Export Corporation

Exports: Designs and equipment for complete factory plants, projects and textile machinery.

10. China National Technical Import Corporation

Imports complete sets of designs and equipment for factories and plants. General manager is reported to be WANG Hung.

11. China National Foreign Trade Transportation Corporation (Sinotrans)

Arranges customs clearances and deliveries of cargoes imported, exported, and or re-exported by sea, land, air and post. Acts as agent in arranging shipments of transit cargoes at Chinese ports and as forwarding agent. Arranges marine and transportation insurance, and institutes claims on behalf of cargo owners. General Manager is CH'EN Yu-min. Far East Enterprising (Hong Kong) Ltd. are Hong Kong agents for SINOTRANS.

12. Sinofracht Ship Chartering and Broking Corporation (Sinofracht)

Its functions include chartering of vessels, foreign and domestic canvassing of cargoes for ship owners, and booking of shipping space. General Manager is either LIU Chin-sheng or LIU Shuang-en. Far East Enterprising (Hong Kong) Ltd. are also Hong Kong agents for SINOFRACHT.

Cargo bookings and other freight transactions for shipments moving between China and Eastern Europe are generally handled by the China-Polish Shipbrokers Company (Chipolbrok). This is a joint Chinese-Polish Company which was formed in 1951. Its main offices are in Tientsin and Gdynia but there are a number of branch offices and agents in ports between China and Poland. The vessels operated under this

~~FOR OFFICIAL USE ONLY~~

company fly the Polish flag but some of the ships probably are Chinese owned. Poles and Chinese staff the ships and the offices of the Company. Because the Chinese generally avoid having ships under their flag in international waters, some of the ships operated by other East European countries may be Chinese owned. CH'ANG Chi-yuan is reported to be general manager of the Chipolbrok office in Shanghai.

The operations of Sinofracht and Chipolbrok are similar but separate, Chipolbrok being a joint company specializing in cargo between China and the Satellites whereas Sinofracht is Chinese and general. Chipolbrok is a different entity from the Polish Ocean Lines and the China Ocean Shipping Co. although there are some relationships through ministerial subordination.

13. Foreign Representation of China National Corporations

An office of the China National Import-Export Corporation which was opened in East Berlin in 1952, headed by WANG Hsiao-ta, concentrated on trade with the Free World, particularly seeking to purchase strategic capital goods withheld from Communist China under a Western embargo. The CNIEC Berlin office was closed down in October 1956. Shortly thereafter, offices of this China National corporation were opened in Bern, Switzerland. Representation was also established in Bern by China National Metals Import Corporation (WANG Hsiao-ta was with this office in June 1959), China National Minerals Corporation, China National Silk Corporation, China National Tea Export Corporation, China National Machinery Import Corporation, and China National Sundries Export Corporation, all located at the same address as the Commercial Section of the Embassy. These branch offices may now have been abolished or be under a unit of the Commercial Section.

The China Resources Company (CRC), located on the 12th floor, Bank of China Building, De Voux Road, Central, Hong Kong, is an agency of the Chinese Communist Government and acts as agent in Hong Kong for all the China

~~FOR OFFICIAL USE ONLY~~

National corporations except the Tea and Native Produce Import-Export Corporation, the Foreign Trade Transportation Corporation, and SINOFRACHT, whose Hong Kong agents are as shown above. The Hong Kong agents arrange trade transactions between the China National corporations and purchasers or suppliers in all parts of the world. The CRC works closely with the important Bank of China branch in Hong Kong and also has performed services for the Chinese Communists other than in the field of foreign trade, such as assisting in obtaining travel permits and visas. General Manager of China Resources Company is TING K'o-chien, formerly deputy chief of the General (Staff) Office of the Ministry of Foreign Trade.

As of September 1961 China Resources Company was reported to be organized into four business departments in addition to a Secretariat, an Information and Investigation Department, a Transportation and Shipping Department, an Accounting Department and an Advertising and Publicity Office. The business departments were said to be: (1) the General Merchandise and Animal By-Products Department (with General Merchandise, Sundries, Paper and Stationeries, and Animal By-Products Divisions), (2) the Textile Department (with Silk, Cotton and Woolen, Garments and Ready-made, and Knit-goods Divisions), (3) the Industrial Products and Minerals Department (with Metals, Minerals, Chemicals and Pharmaceuticals, Instruments Imports, and Textile Machinery Divisions), and (4) the Cereals and Oils Department.

In addition to the commercial section comprising 19 persons in the Chinese Communist diplomatic installation in London, there are also representatives of the Animal By-Products Corporation, Textiles Corporation, Tea and Native Produce Corporation, Sinofracht, and the China Ocean Shipping Agency. In addition, there is a Trade Promotion Department of the London Bank of China branch, headed by WENG Szu-chia. The Foreign Trade Transportation Corporation has a branch office in Oslo, Norway.

~~FOR OFFICIAL USE ONLY~~

G. OTHER FOREIGN REPRESENTATION RELATED TO FOREIGN TRADE

1. Commercial Counselors and Attaches

Commercial counselors and/or attaches are to be found in virtually every embassy and legation of Communist China, the most recently assigned commercial attaches being those in Mali, Ghana, Guinea, Somalia and Cuba. In some cases commercial missions have been set up prior to the formal extension of recognition, carrying on their trade functions until integrated into the diplomatic installation when established, as was the case in Cairo and Cambodia. In nations where there is no trade mission or diplomatic installation, other official Chinese Communist organizations such as the New China News Agency seek to stimulate trade and receive trade inquiries, referring prospective buyers or sellers to the proper China National corporation in Peking or transmitting the inquiry. In some cases inquiries are referred to commercial counselors of embassies in neighboring countries.

Acting under the direction of the Ministry of Foreign Trade, trade counselors sign, alter and annul contracts on behalf of the China National (state trade) corporations, issue orders for industrial equipment and technical aid, negotiate import-export problems, conduct studies of and collect data concerning the economies of the nations in which they are assigned, and perform any other necessary functions dealing with Communist China's foreign trade and shipping. Commercial counselors and attaches are also active in arranging for Peking's participation in international trade affairs, setting up trade exhibits, and promoting visits of trade delegations to and from Peking.

Most of those assigned as commercial counselors or attaches have been reported to be shrewd and well informed, to have considerable knowledge of business practices, and to be hard bargainers, well grounded in Communist techniques and Chinese Communist policy. Selection and assignment of commercial attaches and counselors to diplomatic installations abroad apparently is a joint function of one of the departments

~~FOR OFFICIAL USE ONLY~~

under the Ministry of Foreign Trade and of the Ministry of Foreign Affairs, Party loyalty being a prerequisite.

In India there have been offices of the "China Trade Agency" located in Calcutta and Kalimpong, separate from the diplomatic representation. An Associated Press dispatch of 16 September 1961 stated the Indian Foreign Ministry had imposed restrictions on the activities of the Chinese Communist trade agency in Kalimpong, a border town on the main road from India to Lhasa, Tibet, which, according to the dispatch, Prime Minister Nehru had described in Parliament as "a nest of international espionage." Although these trade representatives are believed to have been responsible to the Ambassador while in that country, they probably received direction from the Ministry of Foreign Trade as well. In the United Arab Republic there are Commercial Missions in Cairo and Alexandria.

A resident trade mission was sent to Beirut, Lebanon, in 1956, but was withdrawn in April 1960. This mission had little success in developing trade relations and failed to bring about recognition of Communist China, which latter was probably its major goal.

TSOU Ssu-i, formerly deputy director of the Fourth Bureau of the Ministry of Foreign Trade, arrived in Havana, Cuba, in July 1960 as head of a Chinese Communist trade mission of at least five members. TSOU has since moved on to other assignments. This trade mission is now associated with the embassy, which was opened in Havana in November 1960.

A Chinese Communist trade mission, headed by NAN Han-chen, Chairman of the China Committee for the Promotion of International Trade, and with TSOU Ssu-i as one of its members, toured several countries in South America in May and June 1961. In Brazil this mission was reported to have obtained an agreement for the opening of permanent "non-official" trade offices in Brazil and Peking, as well as negotiating some small trade contracts. In Chile a trade exposition was held during the trade mission's visit. Chile,

~~FOR OFFICIAL USE ONLY~~

Argentina and Uruguay were all reluctant to admit this trade delegation, finally did so under pressure from influential businessmen and politicians, but apparently no agreements were reached for the opening of commercial missions in these three countries. Businessmen from all of these countries were issued invitations by the trade delegation to visit Communist China.

Whether or not Communist China has trade representatives stationed in all of the Sino-Soviet Bloc nations other than those serving as commercial counselors and attaches with embassies is not known, but FANG I has been described as "former chief Chinese economic advisor to the Vietnamese government." Radio Peking in July 1961 referred to TS'UI Ch'un as "deputy economic representative of the CPR in Vietnam" although TS'UI had previously been reported to be commercial counselor in North Vietnam, having also served in a similar capacity in Yugoslavia, 1956-1960. Communist China has formal trade agreements with most, if not all, of the Bloc nations and trade delegations frequently travel from Peking to these countries.

2. Bank of China

The People's Bank of China, a special agency of the State Council, is in effect the operating arm of the Ministry of Finance, functioning both as a central bank and a commercial bank, and its monopoly in this field has imposed complete control over the few remaining private banks in Communist China. All international financial transactions are controlled by the central government through either the People's Bank or its adjunct, the Bank of China. Generally, the People's Bank handles dealings with other Bloc countries, primarily on a clearing account basis. The Bank of China, through its overseas branches and correspondents, usually handles transactions with Free World nations and business firms. Dealings with Bloc nations are based on rubles, while those with other nations are in convertible currencies, usually sterling.

In addition to the Bank of China, the People's Bank supervises two special government banks, the People's

~~FOR OFFICIAL USE ONLY~~

Construction Bank and the Bank of Communications, and the state-owned insurance enterprises, the most important of which is the People's Insurance Company.

Established in December 1948 through the amalgamation of seven Communist banks in areas under CCP control, the People's Bank had 200 branches in 1950, and had grown by 1959 to include about 30,000 branches, sub-branches and agencies on the China mainland with some 400,000 employees. Its headquarters are at Hsi Chiao Min Hsiang in Peking.

Among the departments of the People's Bank at headquarters is one called the Foreign Department, headed by CH'IAO P'ei-hsin, who is also an assistant general manager of the People's Bank of China. MIN I-min, another assistant manager of People's Bank of China, is deputy head of the Foreign Department. Although not confirmed, it is believed that CH'IAO is therefore head of the Bank of China, and MIN may be one of his deputies. CH'EN Mu was referred to in 1959 as one of the assistant general managers of the Bank of China, as was CHI Chao-ting, who is also a vice chairman and secretary general of the China Committee for the Promotion of International Trade and who travels widely in countries outside the Sino-Soviet Bloc as a negotiator of trade agreements for the Chinese Communist Government. LI Shao-yü was reported to be an assistant general manager in March 1961. NAN Han-chen, chairman of the CCPIT and head of the trade mission visiting South America in May-June 1961, was described in the Uruguayan Communist Party's newspaper El Popular on 8 June as president of the Bank of China. Whether this was an error or a misrepresentation is not known, but NAN is not known to have held any post with Bank of China since he was relieved because of illness in 1954 as director general of the People's Bank of China and a member of the Board of Directors of the Bank of China.

The Bank of China operates principally in areas outside the China mainland, but has been reported to have branches in Shanghai, Tientsin, Canton, Tsingtao, Hankow, Amoy and other domestic seaports. These may operate as departments of the People's Bank of China branches in these cities.

Of the eleven branches of the Bank of China abroad, the most important are those in Hong Kong and London. The Bank of China also has an agent in Hanoi, North Vietnam. There may also be agents in other nations of the Sino-Soviet Bloc, but it seems more probable that the Foreign Department of the People's Bank of China handles normal financial dealings with State banks of other Sino-Soviet Bloc nations. The Bank of China has agents and correspondent arrangements with banks in many non-Communist countries. Bloc nations maintain accounts with some Bank of China branches in Asia. In April 1958 the Bank of China claimed to have agency agreements with banks in 57 countries, including almost every trading nation except the United States. Other such arrangements have since been established.

The status of the Bank of China branch in Havana is not clear. Since 1960, when Cuba severed diplomatic relations with Nationalist China, the Havana branch of the Bank of China has been taken over (intervened) by the Bank of Cuba, and is managed, along with all other banks in Cuba, by the Cuban Government. However, this branch now flies the flag of Red China and its personnel are reported to be in close touch with the Chinese Communist Embassy.

As a foreign exchange bank, the Bank of China, through its foreign branches, serves as the agency and channel for all Chinese Communist financial dealings abroad in non-Sino-Soviet Bloc nations. These branches channel foreign exchange remittances to Peking, purchase foreign currencies, particularly sterling, to meet Communist China's foreign obligations, handle the financing of trade with non-Sino-Soviet Bloc countries, serve the Government of Communist China in promoting political and subversive objectives, and are used to transmit funds used in financing activities of international Communist front organizations. Special sections identified in some Bank of China branches, usually known as "Research and Investigation Sections," acquire trade and economic data, and may afford support and cover for clandestine activities.

In addition to the Bank of China branch in Hong Kong, which is reportedly the exclusive purchaser for Red

~~FOR OFFICIAL USE ONLY~~

China of sterling on the Hong Kong market, there are also a number of Chinese Communist-controlled banks in Hong Kong, of which the Bank of Communications is the most important. All of these banks are under the joint supervision of representatives stationed in Hong Kong by the People's Bank of China. There is also a branch of the Bank of Communications in Rangoon, located in the same building with the Bank of China branch. HSIANG K'o-fang, who has been referred to as "Superintendent of Branches" and as "Chief Inspector" of Bank of China branches, spends considerable time in Hong Kong.

In Singapore the Bank of China branch and that of the China Insurance Company, Ltd., are the only official Chinese Communist installations. All other Bank of China branches, except the ones in Singapore and Hong Kong, are located in countries with which Communist China has diplomatic relations. There were branches of the Bank of China in Malaya at Kuala Lumpur and Penang up to March 1959, when they were closed down by order of the Government of Malaya. There is evidence that Bank of China branches operate under the general direction and political supervision of the Chinese Communist embassies in the promotion and facilitation of trade, and in contacts with the communities of Chinese residing overseas for political and other purposes.

In addition to market research and the collection of economic intelligence, departments of the Bank of China branches have participated in arranging for and conducting industrial exhibits and in making financial arrangements for foreign trade with business firms in the host countries, even to the extent of handling shipments of goods.

One foreigner who visited Peking in 1960 stated he had discussed with Chinese Communist officials the prospects for trade between his country and Red China. He was given the impression that the Bank of China handles all matters related to foreign trade. Although neither the repository where they are retained nor the mechanism for gathering these data was identified, this same foreigner reported that the Chinese Communists have a large amount of information concerning foreign

~~FOR OFFICIAL USE ONLY~~

trade printed in English and other common languages. It appears likely that some of these data are collected by covert means but most of the material is overt, such as catalogs and bulletins. These are gathered and sent to Peking by the various diplomatic and other official installations such as the Bank of China and New China News Agency offices. Some of this material is solicited by the China National corporations through their agencies and contacts throughout the world.

It was reported that an official of the Bank of China told a group of officials of that bank's foreign branches visiting Peking in 1960 that Communist China's foreign trade is on the increase; that if 1954 was taken as an index of 100, the ratio for 1958 would be 150. He further pointed out that one of the principal functions of the Chinese Communist banks abroad was to further Red China's foreign trade. One official of a Bank of China foreign branch is reported to have asked that branch bank executives be relieved of some of their routine banking duties so that they could devote more time to political action activities in their communities on behalf of Communist China.

Although there is some confusion in reporting on exact position titles, various reports indicate that the headquarters organization of the People's Bank of China in Peking can be reconstructed in the following manner (dates in parentheses are dates of latest information):

Director of People's Bank of China	TS'AO Chu-ju (June 1961)
Deputy Directors	HU Ching-yün (Sept. 1959) CH'IAO P'ei-hsin (June 1960) CH'EN Hsi-yü ¹¹ (October 1960) MIN I-min (October 1960) CHIANG Tung-ping (Dec. 1960) LIU Chun (f) (October 1960) LI Shao-yü ¹¹ (November 1961) TING Tung-fang (May 1961) HU Li-chiao (December 1961)

~~FOR OFFICIAL USE ONLY~~

~~FOR OFFICIAL USE ONLY~~

Foreign Operations Department (Foreign Transactions
Bureau) (Perhaps the same as Foreign Operations
Administration)

Chief CH'IAO P'ei-hsin (concurrent
Oct. 1960)

Deputies MIN I-min (concurrent Oct. 1960)
WANG Tzu-ch'in (November 1960)

Bank of China

General Manager CH'IAO P'ei-hsin (concurrent
March 1961)

Assistant General
Managers LI Shao-yü (concurrent April 1961)
CHI Ch'ao-ting (July 1957)
CHEN Mu (July 1957)
LIU Chun (f) (concurrent Feb. 1961)

Accounting Department

Chief LI Shao'yü (concurrent Oct. 1960)

Deputy T'AN Shu-an (October 1960)

Chief Accountant T' IEN Tsu-p'ei (October 1960)

Personnel Department

Director YÜAN Liu-chung (1955)

Deputy SUN K'uei-i (1955)

Inspection Department

Director CHOU I-chung (1955)

~~FOR OFFICIAL USE ONLY~~

Insurance Department

Many Other Departments

Financial Research Institute (Research and
Investigation Department)

Director TSENG Ling (May 1958)

Deputy Director CHENG Po-pin (March 1958)

School of Economics and Banking, Shanghai (1957)

Director

3. People's Insurance Company of China

Established as a government enterprise in 1949, this company is one of the financial institutions under the supervision of the People's Bank of China. Its headquarters are at 28, Tung Chiao Min Hsiang, Peking, and in 1958 it was reported to have branch offices in the 39 most important cities on the mainland and more than 2,300 business offices throughout Communist China. People's Bank of China acts as agent for the People's Insurance Company in areas where the latter is not represented.

This company handles compulsory insurance on the buildings, equipment and other assets of state enterprises, joint state-private enterprises, and cooperatives above the hsien (county) level. It also provides voluntary insurance coverage including ordinary life, group health, individual and group fire, livestock, farm crop, ocean marine, air transportation, hulls, railway transportation, parcel post and other types of insurance and reinsurance. Profits from the operations of this company are listed among the government's budget revenues, being shown in the category of profits of state enterprises. So far as is known, People's Insurance Company operates only internally in Communist China.

~~FOR OFFICIAL USE ONLY~~

4. China Insurance Company, Limited

This company, described in October 1959 as a joint state-private insurance company, is affiliated with and supervised by the People's Bank of China. Its headquarters is located at the same address in Peking as the People's Insurance Company and the company appears to have been created to write insurance in foreign countries. WU Chen-hsiu is manager of the Peking Office. It has branches on the China mainland at Shanghai, Tientsin, Canton, and Tsingtao, foreign branch offices in Hong Kong, Singapore, Djakarta and Surabaya, and works through agents in other countries such as Japan. It writes ocean marine, air transportation, hulls, railway transportation and parcel post insurance, and reinsurance. It is not believed to be in competition with the People's Insurance Company. It is believed that this company issues the insurance coverage arranged for by the China National Foreign Trade Transportation Corporation (SINOTRANS).

5. Min An Insurance Company

This is a Chinese Communist-owned joint state-private enterprise with offices in the Bank of China building in Hong Kong. Its home office is believed to be in Shanghai. It offers all-risk marine insurance coverage for cargoes destined to or from Communist China. It is closely associated with the Bank of China and other Chinese Communist-controlled banks and export-import firms in Hong Kong, and is undoubtedly responsible to the People's Bank of China. Founded in 1947, Min An came under control of the Chinese Communists in 1949.

6. Guozi Shudian (Kuo-chi Shu-tien)(China International Bookstore)

This organization, which uses P. O. Box 399 (export), P. O. Box 88 (import) and other post office box addresses in Peking, is the sole Chinese Communist import-export agency for books, periodicals, paintings, phonograph records and lantern slides. Its headquarters are at 38 Suchou Hutung, Peking, along with a bookstore specializing in the retail sale

~~FOR OFFICIAL USE ONLY~~

of foreign language books and publications. Little is known of the organization of this agency, but it probably comes under the joint control of the CCP Propaganda Department and the Publications Administration of the government Ministry of Culture. SHAO Kung-wen is the Manager of Guozi Shudian. There are branch or subsidiary offices in a number of cities on the China mainland, including Peking, Nanking, Harbin, Changchun, and Taiyuan. There is a branch office of this agency in East Berlin, managed by TS'AO Chien-fei. Guozi Shudian deals with Communist bookstores and dealers throughout the world, selling material originating in Communist China and purchasing printed material and other items within the agency's scope of operations for import to the China mainland.

Publishing in Communist China is a state monopoly controlled by the CCP Propaganda Department and under the supervision of the Publications Administration Bureau of the Ministry of Culture. Published material in other than the Chinese language distributed abroad is prepared and published by the state-owned Foreign Languages Press, which translates from Chinese into at least eleven foreign languages. Other publications sold or distributed abroad include books, estimated to number between 500 and 600 titles per year, running into millions of copies.

Among the foreign language propaganda journals distributed through Guozi Shudian and its distribution network, and said to have been sold in the millions of copies in more than eighty countries during 1959, are the following: the semi-monthly China Pictorial, the monthly People's China, the weekly Peking Review (Beijing Zhubao) in English, and the monthly China Reconstructs, which is reported to reach about 100 countries with its 100,000 circulation.

Technical quality of magazines from Communist China reaching international markets is much higher than that of those produced for domestic circulation. In many instances these books and publications are sold to foreign bookstores and dealers at prices which are but a fraction of the publishing cost.

Much of the published material reaches the Free World from the China mainland via Hong Kong where there are a number of Chinese Communist-controlled publishers and bookstores, among them the Chung Hua Book Company, the Life Reader Sinzh Joint Publishing Company, the Hsin Min Chu Publishing Company, and the Peace Bookshop.

Orders for books to be purchased in other countries and subscription to magazines and other publications to meet the requirements of the Chinese Communist Party and government are placed by Guozi Shudian through its agents and connections abroad. One Western European Communist bookstore alone was reported to have received orders from Guozi Shudian for more than 12,000 subscriptions to foreign publications during the year 1961.

Guozi Shudian places orders direct with publishers, bookstores and institutions as well as through agencies in the United States, at least one of which is registered with the U.S. Attorney General as an agent of a foreign government. Published materials on a wide variety of subjects, including statistics, economics, political affairs, science, technology, military affairs, geographical subjects, data processing, and cryptanalysis, originating in the U.S., Canada and Latin America, are acquired for shipment to Guozi Shudian headquarters or to one of its affiliates in other cities on the mainland. Payments for these purchases are believed to be made in most cases through the Guozi Shudian office in East Berlin.

The NCNA is also utilized in collecting published material. This news agency has used the address of an American company as forwarding agent and has placed subscriptions and orders in fictitious names. It has also used NCNA addresses in Kowloon. Frequently the material ordered is funneled through the American forwarding agent to a bookstore in Kowloon and thence to Peking via NCNA channels.

Guozi Shudian also has formal trade contracts with counterpart import-export agencies of Sino-Soviet Bloc nations calling for the exchange of books, newspapers, periodicals, musical records and scores, and reproductions of paintings.

~~FOR OFFICIAL USE ONLY~~

7. China Film Distribution and Exhibition Corporation
(CHINAFILM)

Located in Peking at No. 84, Hsi Chiao Min Hsiang, with the cable address CFDCORP, Peking, this state-owned company holds a monopoly on the import of foreign films to China and on the export of motion pictures produced on the China mainland. It is also believed to exercise control over films produced by Communist-owned or influenced film producers in Hong Kong. HUNG Tsang is assistant manager of CHINAFILM. There is a branch office of this corporation at Pod Kastany 16, Bubeneč, Prague 6, Czechoslovakia, using the cable address CHINAFILM, Praha, and headed by CHANG K'o-feng.

It is obvious that broad policy with regard to the production of films is directed by the CCP Propaganda Department, while the Cinema Affairs Administrative Bureau of the CPG Ministry of Culture acts as the executive agent in such matters as budgeting, construction of facilities, including studios and theaters, production and purchasing of cameras and projectors, and allocation of raw film and other materials. The Peking Motion Picture Academy appears to exercise general supervision over the production of motion pictures on the mainland, and perhaps those produced by Chinese Communist-controlled companies in Hong Kong. Distribution and exhibition is a function of CHINAFILM, particularly in foreign markets. Domestic exhibition is probably a joint venture with the propaganda departments of CCP units at various levels.

Peking first entered the international film market in early 1956, had signed formal agreements for the exchange of motion pictures with fourteen countries by September 1957, all of them members of the Sino-Soviet Bloc except Burma, Ceylon, UAR, Indonesia and Pakistan, and announced plans to increase this number to thirty nations by 1958.

A Radio Peking broadcast claimed that organizations in sixty-nine countries and regions throughout the world imported and exhibited more than 400 films made in Communist

~~FOR OFFICIAL USE ONLY~~

China during 1959, reaching an audience of 200 million persons. In 1959 Peking submitted entries in four international film festivals, and sponsored Chinese Film Weeks in nine countries, all members of the Sino-Soviet Bloc, except Ceylon and Iraq. The CCP Propaganda Department has also sent special teams of film technicians to several foreign countries. Other special teams accompany important delegations to produce film documentaries which are later sent back into these countries to be exhibited for propaganda purposes. Foreign film weeks were held in many cities throughout the China mainland in 1959 featuring films from Iraq, Mexico, the USSR, East Germany and Czechoslovakia. A Latin American Film Festival was scheduled to be held in Peking in September 1961, and a Chinese film week was held in Kathmandu, Nepal in the Spring of 1961.

It was estimated that Communist China spent \$350,000 in 1957 to subsidize film production by leftist film studios in Hong Kong. While these producers are said to have suffered large losses on film production, most of the loss was offset through special trade privileges granted them by Peking.

The China Film Distribution and Exhibition Corporation arranges for distribution of films made on the China mainland, some highly propagandistic and others not, in areas where there are large audiences of Chinese residing overseas, particularly in Southeast Asia. Newsreels and films based on Chinese operas and featuring dancing and singing troupes, produced by the Central Newsreel and Documentary Film Studio in Peking, have proven highly popular among such audiences. These films are often offered to distributors abroad on terms which insure their being shown at a profit to local distributors and most certainly at less than the amortized cost of production, probably with the understanding that some portion of the profits from their showings will be used to finance local Communist activities.

Foreign film producers, even those representing nations of the Sino-Soviet Bloc, who have gone to Communist China to make documentary films have been subjected to close

~~FOR OFFICIAL USE ONLY~~

restriction. One producer found the Red Chinese so "stiff necked" that it was impossible to do the job for which he was sent, and he left without completing his filming assignment.

8. China Philatelic Company

This company is the sole authorized exporter and importer of postage stamps. It is located at 12 Tung Chang An Chieh, Peking; cable address: CHINAPHIL, Peking. Little is known of its personnel or operations.

~~FOR OFFICIAL USE ONLY~~

~~FOR OFFICIAL USE ONLY~~

IV. UNOFFICIAL ORGANIZATIONS

A. CHINA COMMITTEE FOR THE PROMOTION OF INTERNATIONAL TRADE (CCPIT)

In addition to the official CCP organs concerned with foreign trade and the Chinese People's Government's organization in Peking, elsewhere on the China mainland and operating abroad in this field, the CCPIT was established in May 1952 as a front mechanism designed to promote Communist China's foreign trade program on an "unofficial" basis (note reference to the CCPIT in Part III-E of this Study). The CCPIT, which is functionally but not organizationally affiliated with the Ministry of Foreign Trade, has its headquarters in Peking at No. 89, Hsi Chiao Min Hsiang, adjacent to the Ministry of Foreign Trade and People's Bank of China, with COMTRADE, Peking, as its cable address. The CCPIT is used to:

Sponsor and organize Chinese trade delegations visiting nations outside the Sino-Soviet Bloc in order to promote trade with Communist China, particularly those nations not recognizing Communist China.

Invite, arrange itineraries for, entertain, engage in discussions with and elicit information from delegations and individuals from non-Sino-Soviet Bloc nations interested in doing business with Communist China.

Assist in arranging for and promoting Red China's participation in trade fairs, exhibits and trade discussions in foreign countries outside the Bloc. This is a joint function with the China National corporations and the Ministry of Foreign Trade.

Acquire data for Peking's use concerning the trade, economies and technical capabilities of non-Communist nations.

~~FOR OFFICIAL USE ONLY~~

~~FOR OFFICIAL USE ONLY~~

Promote Peking's propaganda and political objectives such as endeavoring to bring about diplomatic relations with those countries not recognizing Communist China. Pressure on foreign governments is generated through businessmen and industrialists of these countries to whom the bait of larger potential profits are held out, if trade dealings are accompanied by diplomatic recognition.

In April 1957, one Chinese Communist publication described the CCPIT as follows: "It is composed of Chinese economists and financial and trade experts. Since its establishment, the Committee has made trade and business contacts with firms and enterprises in many countries, exchanged visits of delegations, assisted negotiations of Chinese trading organizations with foreign representatives, and organized exhibitions of Chinese products in many countries. In November 1956, it established a branch office in Shanghai. In April 1956, the Committee set up a Foreign Trade Arbitration Committee whose purpose is to secure speedy and equitable settlement by arbitration of any dispute that may arise between Chinese and foreign firms." Another Peking publication described the CCPIT as the "agency of the China National corporations in Hong Kong," but it is no longer believed to have this role, which is now that of the China Resources Company.

The Shanghai branch is located at 26 Chung Shan Road, Eastern 1. SHENG P'ei-hua, former vice chairman of the All China Federation of Industrial and Commercial Associations, who died in February 1961, was head of the Shanghai office. There is also reported to be a branch in Canton headed by WEI Chin-fei, and another branch in Wuhan with WANG K'o-wen as its head. There may also be branches in Tientsin and Tsingtao. Officials of the CCPIT include personnel also associated with the Ministry of Foreign Trade, the Bank of China, the various ministries under the State Council, the State Planning Commission and the International Relations Institute of the Academy of Sciences. The most active and widely traveled of CCPIT officials is CHI Ch'ao-ting, who is

~~FOR OFFICIAL USE ONLY~~

concurrently its vice chairman and secretary general. Educated and long a resident in the Western world, CHI has extensive contacts with businessmen and trade officials in nations of the Free World, has arranged for Red China's participation in trade fairs, and has engaged in frequent trade discussions within the political framework of Peking's policy. CHI is also a member of the Board of Directors of the Chinese People's Institute of Foreign Affairs, a consultative body under the aegis of the Ministry of Foreign Affairs, a member of the executive councils of both the Association for Cultural Relations with Foreign Countries and the China-Latin America Friendship Association.

In his book, Awakened China, written by Felix Greene after his trip to the mainland in 1960, Greene describes CHI Ch'ao-ting as follows (omitting, of course, CHI's activities on behalf of the Communists while in the U.S. from 1926 to 1948):

"A graduate student in the United States in the late thirties, Dr. CHI had traveled widely abroad and before 1948 had been a leading figure in Nationalist China's financial circles. His extensive knowledge of international trade and finance is widely acknowledged in the West. Today Dr. CHI is in the upper echelons of the regime, holding high positions both in the China Council for the Promotion of Foreign Trade and in the People's Bank of China. An inquiring reporter could not go much higher for information regarding China's foreign-trade policies."

There appears to be a group of persons connected with the CCPIT and the Ministry of Foreign Trade who specialize in organizing, directing, and conducting Chinese Communist participation in international trade fairs and exhibitions. Peking's participation in international fairs has involved lavish displays designed for propaganda purposes rather than to promote commercial transactions.

~~FOR OFFICIAL USE ONLY~~

After having been a regular participant in the Casablanca International Fair, Communist China sent no exhibit in 1961. None of the major industrial items in the Chinese Communist exhibit at the Khartoum trade fair in February-March 1961 were offered for future delivery in the Sudan. Chinese officials at the Khartoum fair, when asked about such items as radios, engines, trucks and tractors, said these were not being produced for export at present, were made only for use on the China mainland, and some items on display were one of a kind, exhibited only to indicate the industrial progress of Communist China. Visitors to the Chinese Communist Industrial Fair in Rangoon in January-February 1961 gained the impression that the display of electrical and scientific equipment was intended to serve propaganda purposes, that no effort was made to close trade deals, and that close inspection of many of the products revealed them to be inferior in quality and design.

Officials of the CCPIT at the Peking headquarters are:

Chairman	NAN Han-ch'en
Vice Chairmen	LEI Jen-min LI Chu-ch'en CHI Ch'ao-ting
Secretary General	CHI Ch'ao-ting (con- current) (another report named SU Fang-chou as "Chief Secretary")
Assistant Secretaries General	HSIAO Fang-chou HSU Sheng-wu WEN Shih-chen YU K'o-ch'ien LIAO Ho-shu

~~FOR OFFICIAL USE ONLY~~

Members of the Central Committee of the CCPIT
are:

CHANG Nai-ch'i	HSUEH ^u Mu-ch'iao	MA Yin-ch'u
CH'EN Han-sheng	KU Keng-yu	MENG Yung-ch'ien
CH'EN Wei-chi	LEI Jen-min	NAN Han-ch'en
CHI Ch'ao-ting	LI Chu-ch'en	P'AN Ching-an
CHOU Jung-hsin	LIU Ning-i	SUN Ta-kuang
HSIANG K'ang-fang	LIU Tzu-chiu	TS'AI Tzu-wei
HSU Ti-hsin	LU Hsu ^u -chang	

HSIEH Hsiao-nai is reported to be head of the CCPIT International Liaison Department, with HSU^u Sheng-wu (concurrently), CH'EN Yuan-feng, TUNG Ch'ao, and CHOU Ch'i as deputies. One report stated YANG Yi-chih was "special commissioner" of the CCPIT, but nothing is known of the functions of this post. WU Shu-tung has represented the CCPIT in negotiations with delegations from other nations visiting Peking. TUNG Ch'ao, also reported as head of one of the sections under CCPIT, represented the committee as a member of a trade delegation to Italy in April 1959. WEI Li-chih was reported to head another section of CCPIT, LIN Lien-te to be a deputy section chief, and WANG Chao-yuan as a "member" of the International Liaison Department.

There is a Maritime Arbitration Commission under the CCPIT for arbitrating shipping disputes, of which CCPIT Assistant Secretary General HSIAO Fang-chou is reported to be the deputy chief. There is also a Foreign Trade Arbitration Commission under the CCPIT which arbitrates disputes arising in foreign commerce and develops standard contract forms used in settling contract disputes.

Trade delegations going to Peking from non-Communist countries are almost always handled under the sponsorship of the CCPIT, sometimes jointly with the Ministry of Foreign Trade and/or the All China Federation of Industry and Commerce Associations. The CCPIT arranges itineraries, plans visits to factories and other points of interest, arranges talks with

~~FOR OFFICIAL USE ONLY~~

government officials, as appropriate, and provides entertainment and gifts. Upon completion of their visits, foreign trade delegations frequently issue joint declarations with the CCPIT calling for further exchanges of delegations, widening of trade between the two countries, issue statements following Peking's propaganda line extolling the growth of Communist China's industry and resources, and sometimes urging establishment of diplomatic recognition of Red China. The CCPIT is also used to voice the Chinese Communist propaganda line. One example of this was the letter sent by the CCPIT to the South African United Front on 28 March 1961 condemning the policies of and urging the severance of all economic and trade relations with the government of the Union of South Africa, which latter action, the letter stated, Communist China had taken in July 1960.

The importance attached to the program of "people's diplomacy" (which includes exchanges of "non-official" trade delegations and activities of the CCPIT) by the Chinese Communists can be measured in part by the huge cost of the program, both in terms of the time of key officials who grant audiences to visitors to Communist China and participate in tours of foreign countries, and in terms of annual monetary outlay, estimated variously at ten million dollars or more.

B. ALL CHINA FEDERATION OF INDUSTRY AND
COMMERCE ASSOCIATIONS (ACFICA)

This federation is mentioned without any implication that it is engaged in foreign trade, but rather because it is one of the many mass organizations created by the Chinese Communist Party to bring non-Party leaders and the masses into a United Front with the Party. There are organizations of personages engaged in industry and commerce, including foreign trade, at provincial, regional and municipal levels, which are represented at the national level in the ACFICA. It is natural that most private industrialists and those engaged in foreign or domestic commerce and trade prior to 1949 would be regarded as bourgeoisie and not to be trusted by

~~FOR OFFICIAL USE ONLY~~

~~FOR OFFICIAL USE ONLY~~

the Communists. Many, however, have either joined the CCP or become close collaborators. Through the local and national industry and commerce federations it was possible to organize them, control them and use them as a propaganda front as the Communists proceeded to wipe out private enterprise and nationalize all industry, trade, and commerce. ACFICA and its leaders are utilized, along with the Ministry of Foreign Trade, the CCPIT and the Association for Cultural Relations with Foreign Countries, to invite and entertain trade representatives and delegations from non-Communist nations as well as for a sounding board to popularize Communist China's "great leap forward" and the nationalization of industry and trade. The United Front Department of the CCP Central Committee closely controls all the All China federations. When the CCP took over the China mainland in 1949 it was sorely in need of the services of persons experienced in industry and trade in building a stable economy and most of such persons were not CCP members. Instead of exterminating the capitalists, businessmen, industrialists and traders, as they did the landlords (remembering that the Chinese Communists were pledged to land reform and the vast majority of CCP members were from the peasant class), the Party set out to convert those engaged in industry and commerce to Communism. Red China went through the stage of joint state-private ownership before nationalizing all industry and commerce, and wove a tight net of control around those who did not fall in line or whom the Communists did not trust because of their previous relationships with the government of Nationalist China.

Headquarters of ACFICA, which was founded in October 1953, is at Chu Shih K'ou in Peking. One of the fictitious political parties permitted to exist under the United Front is the China Democratic National Construction Association (CDNCA), composed largely of pre-1949 industrialists, traders, businessmen, and intellectuals. Its membership generally paralleled that of the ACFICA, but the CDNCA is not known to have engaged in any activities as a party since June 1952. Actually, it was only another control mechanism over non-Communists engaged in industry and commerce.

~~FOR OFFICIAL USE ONLY~~

~~FOR OFFICIAL USE ONLY~~

C. OTHERS

There are other groups, such as the Industry and Commerce Work Section of the Chinese People's Political Consultative Conference (the United Front organization) and the Shanghai Economics Society, which are tangentially related to the field of economics and foreign trade, but which exercise no actual influence over policy or activities in these areas of activity and seem merely to engage in discussions on these subjects. There is an Economics Research Institute under the Chinese Academy of Sciences whose principal concern is believed to be long-term research and analysis. Its director is SUN Yeh-fang and his deputies are YEN Chung-p'ing and HUNG Lung-kuei.

~~TOP SECRET - COMINT~~

Name	CCP Posts	Government Posts	Other Information
CH'EN YUN (715/7189) Age 56	Vice Chairman, Central Committee (5)	Vice Premier, State Council Has Chairman, State Capital Construction Commission, abolished January 1961 NPC Deputy from Shanghai	Top CCP spokesman on economic matters for over 20 years. His original name was LIAO Ch'eng-yun. Was a delegate to 1935 Congress of Comintern in Moscow, remaining for two years of advanced study
LI Fu-ch'um (2621/1381/2504) Age about 61	Member, Central Committee (8) Member, Politburo (12) Member, Secretariat	Vice Premier, State Council Chairman, State Planning Commission Former Director, Industry & Communications NPC Deputy from Hunan	Mem. LI Fu-ch'um (TS'AI Ch'ang) is the senior woman on CCP Central Committee
LI Hsien-nien (2621/0341/1819) Age about 59	Member, Central Committee (24) Member, Politburo (16) Member, Secretariat	Vice Premier, State Council Director, Finance & Trade Staff Office, State Council Minister of Finance NPC Deputy from Hubei	Member, National Defense Council
PO I-po (5631/0001/3134) Age 59	Member, Central Committee (53) Alternate, Politburo (6)	Vice Premier, State Council Chairman, State Economic Commission Director, Industry & Commerce Staff Office, State Council NPC Deputy from Tientsin	
YEH Chi-chuang (5509/1323/1104) Age about 68	Member, Central Committee (50)	Deputy Director, Finance & Trade Staff Office Minister of Foreign Trade (since August 1952) NPC Deputy from Kwangtung	
MA Ming-tang (7456/2494/2455) Age about 57	Member, Central Committee (67) Director, Finance & Trade Work Dept. Member, Central Control Commission Third Secretary, NE China Bureau of CCP Province	Member, NPC Standing Committee and Chairman NPC Credentials Committee NPC Deputy from Shensi	Has used the names MA Ju-chou, MA Ch'i-min, and MALDV while residing in the Soviet Union

Abbreviations used herein:

- CCP/PL China Committee for the Promotion of International Trade
- SSFA Sino-Soviet Friendship Association
- ACRIFC Association for Cultural Relations with Foreign Countries
- CPIFA Chinese People's Institute of Foreign Affairs
- CPC China Peace Committee
- WPC World Peace Council
- CDMCA China Democratic National Construction Association
- NPC National People's Congress

(Numbers in parentheses indicate numerical ranking on CCP Central Committee which has 97 regular, 95 alternate members; and on Politburo which has 19 regular, 6 alternate members.)

~~TOP SECRET - COMINT~~

~~FOR OFFICIAL USE ONLY~~

Name	CCP Posts	Government Posts	Other Information
YAO I-lin (1202/0181/2651) Age Unknown	Member, Central Committee (93) Deputy Director, Finance & Trade Work Dept.	Deputy Director, Finance & Trade Staff Office Minister of Commerce NPC Deputy from Kiangsi	His original name was YAO K'o-kuang Member, Central Committee, China Democratic National Construction Assn.
FANG I (2455/3015)	Alternate Member, Central Committee	Deputy Director, Staff Office for Foreign Affairs Director, General Bureau for Economic Relations with Foreign Countries Vice Chairman, State Planning Commission	Former Chief Chinese Communist Economic Advisor to North Vietnam
LEI Jen-min (7191/0117/3046) Age estimated 50-57	Member, CCP	First Vice Minister of Foreign Trade (since August 1952) Member, Overseas Chinese Affairs Commission	Vice Chairman, CCPIT Member, CPIFA Board of Directors
CHI Ch'ao-ting (0370/2600/7844) Age 58	Member, CCP	Assistant General Manager, Bank of China Deputy Director, Bureau of International Economics of State Planning Commission	Vice Chairman and Secretary General CCPIT Vice Chairman SSFA and China-Latin America FA Exec. Council Member ACRFC, CPIFA, CFC Member Exec. Council WPC
NIU P'ei-ts'ung (3662/0160/3827) Age about 53	Member, CCP	Deputy Director, Finance & Trade Staff Office Deputy Secretary, Scientific Planning Commission prior to 1958	Ex-Trade Counsellor USSR; Member Sino-Soviet Scientific & Technical Cooperation Committee
TUAN Yün (3008/7189) Age Unknown	Member, CCP	Deputy Director, Finance & Trade Staff Office	Member National Committee, All China Federation of Supply & Marketing Cooperatives
TENG Ch'en-hsi (6772/6521/6007) Age Unknown	Member, CCP Secretariat, Shantung Province	Deputy Director, Finance & Trade Staff Office Vice Governor, Shantung Province	Vice-Chairman, All China Federation of Supply and Marketing Cooperatives; Member CCPIT, Foreign Trade Arbitration Committee since 1956; Formerly associated with People's Bank of China (1950-52); Member Southwest Administrative Area Executive Committee (1950-54)

~~FOR OFFICIAL USE ONLY~~

Approved For Release 1999/09/07 : CIA-RDP78-02646R000500150001-6

~~FOR OFFICIAL USE ONLY~~

Name	CCP Posts	Government Posts	Other Information
LI Ch'iang (2621/1730) Age Unknown	Member, CCP	Vice Minister of Foreign Trade (since August 1952) Former Deputy Secretary General, Scientific Planning Commission	Ex-Trade Counsellor USSR; educated in USSR; formerly with Broadcasting Administration Bureau; member Academy of Sciences
CHIANG Ming (3068/2494) Age Unknown	Member, CCP	Vice Minister of Foreign Trade (since June 1955)	Expert on trade with Near East and Communist nations of Asia; active in organizing trade affairs and on trade delegations
LIH Hai-yun (2651/3189/7189) Age Unknown	Member, CCP	Vice Minister of Foreign Trade (since October 1956) Former Head of Customs Administration of Ministry of Foreign Trade	From 1949-52 headed the Foreign Trade Department of the former Ministry of Trade, which was in 1952 reorganized into the Ministry of Commerce and Ministry of Foreign Trade
LU Hsu-chang (4151/4872/4545) Age about 50	Member, CCP	Vice Minister of Foreign Trade (since October 1956) Former Manager, China National Import-Export Corp. Office in East Berlin	Member CCPT; Member Foreign Trade Arbitration Committee; active in trade negotiations with non-Bloc nations; ex-capitalist (banking, trade, insurance); CDNCA Central Committee member
PAI Hsiang-yin (4101/0686/6892) Age Unknown	Probable Member, CCP	Vice Minister of Foreign Trade (since March 1961) Former General Manager, East China Foreign Trading Corp. (1949-52)	Member, Executive Committee, All China Federation of Industry & Commerce Associations
CHIA Shih (6328/4258) Age Unknown	Probable Member, CCP	Assistant to the Minister of Foreign Trade (since January 1961) Head of the Second Bureau, MFT (Relations with Sino-Soviet Bloc)	
FU Sheng-lin Age Unknown	Probable Member, CCP	Assistant to the Minister of Foreign Trade (since January 1961)	Member of National Committee of All China Federation of Handicraft Cooperatives and All China Federation of Supply & Marketing Cooperatives

~~FOR OFFICIAL USE ONLY~~

Approved For Release 1999/09/07 : CIA-RDP78-02646R000500150001-6

~~FOR OFFICIAL USE ONLY~~

VI. ALPHABETICAL LISTING OF CHINESE NAMED IN THIS STUDY

	<u>Page</u>
CH'ANG Chih-yuan (1782/5268/6678)	29
CHANG En-shu (1728/1869/2885)	15
CHANG K'o-feng (1728/0344/7364)	43
CHANG Nai-ch'i (4545/0035/0892)	50
CHANG P'ing (1728/1627) (aka CHANG Huan-wen and H. V. CHANG)	27
CH'ANG Yen-ch'ing (1603/1750/0615)	18, 22
CHANG Yün-hsiao (1728/7189/0876)	16
CH'EN Han-sheng (7115/5060/4563)	50
CH'EN Hsi-yü (7115/1585/1937)	37
CH'EN Ming (7115/2494)	16
CH'EN Mu (7115/0447)	34, 38
CH'EN Wei-chi (7115/4850/4469)	50
CH'EN Yang (7115/2254)	27
CH'EN Yu-min (nta)	28
CH'EN Yün (7115/7189)	10, 13
CHENG Po-pin (6774/0130/1755)	38
CHI Ch'ao-ting (3070/2600/7844)	34, 38, 47, 49, 50
CHIA Ch'i-yün (6328/0796/0336)	6

~~FOR OFFICIAL USE ONLY~~

~~FOR OFFICIAL USE ONLY~~

	<u>Page</u>
CHIA Shih (6238/4258)	15, 16
CHIANG Ming (3068/2494)	15
CHIANG Tung-ping (3068/2639/1627)	37
CH'IAO P'ei-hsin (0829/1014/2450)	34, 37, 38
CH' IEN Yuan-feng (nta)	50
CHOU Ch'i (0719/7871)	50
CHOU Chien-nan (0719/1696/0589)	22
CHOU Hua-min (0719/0553/3046)	15
CHOU I-chung (0719/5030/0022)	38
CHOU Jung-hsin (0719/2837/9387)	50
FANG I (2455/3015)	10, 21, 22, 33
FU Sheng-lin (0265/3932/7792)	15
HSIANG K'o-fang (7309/0344/2455)	36, 50
HSIAO Fang-chou (5618/2455/3166)	49, 50
HSIEH Hsiao-nai (nta)	50
HSÜ Sheng-wu (1776/4939/2976)	49, 50
HSU Ti-hsin (6079/3321/2450)	50
HSÜEH Mu-ch'iao (5641/2550/2890)	6, 50
HU Ching-yün (5170/2529/8688)	37
HU Jen-ku'ei (5170/0088/1145)	17

~~FOR OFFICIAL USE ONLY~~

~~FOR OFFICIAL USE ONLY~~

	<u>Page</u>
HU Li-chiao (nta)	37
HUNG Lung-kuei (nta)	53
HUNG Tsang (3163/5661)	43
KAO Lu (nta)	16
KU Keng-yu (0657/5087/5713)	27, 50
LEI Jen-min (7191/0117/3046)	15, 49, 50
LI Che-jen (2621/0772/0086)	22
LI Ch'iang (2621/1730)	15, 22
LI Ch'iu-yeh (2621/4428/6851)	19
LI Chu-ch'en (2621/3608/1057)	49, 50
LI Fan-ju (2621/4636/1172)	27
LI Fu-ch'un (2621/1381/2504)	10, 13, 14
LI Hsien-nien (2621/0341/1819)	10, 13
LI Hsin-nung (2621/2450/6593)	16
LI Meng-hou (2621/1125/0709)	26
LI Shao-yü ^{II} (2621/4801/4416)	34, 37, 38
LIAO Ho-shu (nta)	49
LIAO T'i-jen (1675/7555/0088)	17
LIN Hai-yun (2651/3189/7189)	15
LIN Lien-te (2651/6647/1795)	50

~~FOR OFFICIAL USE ONLY~~

	<u>Page</u>
LIU Chin-sheng (0491/6855/3932)	28
LIU Chun (f) (0491/6511)	37, 38
LIU Chun-chiao (nta)	23
LIU Hsi-wen (0491/1585/2429)	16
LIU Jo-ming (0491/5387/2494)	16
LIU Ming-fu (0491/2494/1133)	22
LIU Ning-i (0491/1380/0001)	50
LIU Shuang-en (nta)	28
LIU Ting (0491/7844)	22
LIU Tzu-chiu (0491/1311/0036)	50
LU Hsü-chang (4151/4872/4545)	15, 50
MA I-min (7456/0001/3046)	27
MA Ming-fang (7456/2494/2455)	10
MA Ting-pang (7456/1353/6721)	13
MA Yin-ch'u (7456/1377/0443)	50
MAI Wan-lan (7796/2429/3482)	17
MENG Yung-ch'ien (1322/3928/3383)	50
MIN I-min (7036/0001/3046)	34, 37, 38
MING Ko (2494/0344)	15
NAN Han-ch'en (0589/3352/1368)	32, 34, 49, 50

~~FOR OFFICIAL USE ONLY~~

	<u>Page</u>
NIU P'ei-ts'ung (3662/0160/3827)	13
PAI Hsiang-yin (4101/0686/6892)	15
P'AN Ching-an (3382/7234/1344)	50
P'ANG Chih-chiang (1690/0037/3068)	17
PO I-po (5631/0001/3134)	10, 13, 14
SHAO Kung-wen (nca)	41
SHENG P'ei-hua (4141/0012/5478)	47
SHIH Ying (4258/5391)	22
SHU Tzu-ch'ing (5289/1320/3063)	16
SU Fang-chou (5126/2455/3166)	49
SUN Chun (nta)	16
SUN K'uei-i (1327/2247/0001)	38
SUN Ta-huang (1327/1129/0342)	50
SUN Yeh-fang (1327/0396/2455)	6, 53
SUNG K'o-ch'iang (1345/0344/1730)	27
T'AN Shu-an (6223/0647/1344)	38
TENG Ch'en-hsi (6772/6591/6007)	13
T' IEN Tsu-p'ei (3944/4371/1014)	38
TING K'o-chien (0002/0344/1017)	30
TING Tung-fang (0002/0392/2397)	37

~~FOR OFFICIAL USE ONLY~~

~~FOR OFFICIAL USE ONLY~~

	<u>Page</u>
TS'AI Tzu-wei (5591/1311/0251)	50
TSANG Yan-chi (nta)	18
TS'AO Chien-fei (2580/0256/7378)	41
TS'AO Chu-ju (2580/5468/1172)	37
TSENG Ling (2582/0407)	38
TSOU Ssu-i (6760/2448/7328)	32
TS'UI Ch'ün (1508/5028)	33
TU Kan-chuan (nta)	22
TUAN Yün (3008/7189)	13
TUNG Ch'ao (5516/6389)	50
WANG Chao-hsün (3769/0340/0534)	16
WANG Chao-yüan (3769/0340/0337)	50
WANG Hsiao-ta (3769/1321/6671)	26, 29
WANG Hung (3769/6593)	28
WANG K'o-wen (3769/0344/2429)	47
WANG Ssu-hua (3769/1835/5478)	6
WANG Tzu-ch'in (3769/1311/5367)	38
WANG Ying-chi (nta)	16
WEI Chin-fei (7614/0093/7236)	23, 47
WEI Li-chih (1414/4539/2655)	50

	<u>Page</u>
WEN Shih-chen (2492/1102/2823)	49
WENG Szu-chia (5040/0138/0163)	30
WU Chen-hsiu (nta)	40
WU Shu-tung (0702/2526/2639)	50
YANG Hao-lu (2799/3185/1687)	15
YANG Lin (2799/3829)	22
YANG Mien (2799/0517)	16
YANG Wei (2799/1218)	18
YANG Yi-chih (nta)	50
YAO I-lin (1202/0181/2651) (aka YAO K'o-Kuang)	10, 13
YEH Chi-chuang (5509/1323/1104)	10, 13, 15
YEN Chung-p'ing (0917/0022/1627)	53
YIN Chih-yüeh (2009/0037/6855)	17
YU K'o-ch'ien (nta)	49
YU Ts'ui (0151/5488)	27
YÜAN Liu-chung (5913/3966/1813)	38
YUNG Lung-kuei (0516/7893/2710)	14

Approved For Release 1999/09/07 : CIA-RDP78-02646R000500150001-6

~~FOR OFFICIAL USE ONLY~~

Approved For Release 1999/09/07 : CIA-RDP78-02646R000500150001-6