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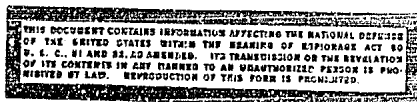
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HONG KONG AND MACAO TRADE WITH COMMUNIST CHINA

The following reports are from the Hong Kong Hsing-tao Jih-pao covering the period 5 - 21 July 1952. Dates in parentheses refer to date of source. These reports indicate what Communist China is purchasing or is seeking to purchase in Hong Kong and Macao.

According to a large Western medicine company in Hong Kong, the supply of penicillin and tuberculosis drugs in Hong Kong, especially those manufactured in the US, has diminished to the extent that these products are no longer available to the general public in large quantities. The supply of penicillin in Hong Kong was almost completely exhausted by a recent purchase of nearly 2 million vials (chih) by Communist China. Tuberculosis drugs are also nearly sold out. Penicillin and tuberculosis drugs, which were manufactured in the US, are no longer arriving in Hong Kong, either directly from the US or indirectly from Manila and Singapore; as a result, the Western medicine merchants in Hong Kong must seek in Europe, probably in France or Italy, for their source of supply. A Chinese employee of the company also said that Communist China recently purchased about 170 boxes of Western medicine and 30 boxes of medical equipment directly from Japan. Included in the medical equipment were microscopes and surgical instruments. (5 July)

A news item originating in Hong Kong reported that the British ship Hupei departed early in July for Tientsin with 108 boxes of Western medicine and a considerable amount of DDT and X-ray equipment. A freight train on the Canton-Kowloon line departed for Canton early in July with 8 boxes of DDT, 6 boxes of Western medicine, and 6 boxes of X-ray equipment. Another freight train departed early in July for Shanghai with 58 boxes of Western medicine, 10 boxes of DDT, and 12 boxes of medical and surgical instruments. Altogether, about 300 to 400 boxes of Western medicine, DDT, and medical and surgical equipment departed for Communist China during the first part of July. (7 July)

Communist China is planning to purchase 5 million Hong Kong dollars worth of metal goods in Hong Kong, according to a metal goods merchant in Hong Kong. The products which are being sought are copper plates, copper wire, plain and

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galvanized iron plates, and tin plates. Most of these products are to be shipped to China through Macao and some through Shen-ch'uan; however, due to strict Hong Kong antismuggling measures, the merchant believes it would be difficult to get them out of Hong Kong. (9 July)

About 3 million Hong Kong dollars worth of Western medicine and industrial raw materials, and 500,000 Hong Kong dollars worth of coconut oil departed for East China from Hong Kong recently, it was reported in Hong Kong. (11 July)

Communist China is concentrating on the purchase of ten or more kinds of Western medicine in Hong Kong. Among them are sulfides and several kinds of sterilizing chemicals. (12 July)

A news item originating from the Chung-yang She stated that purchasing agents from Hankow, Canton, Yang-chiang, Swatow, and Amoy are purchasing various strategic materials in Macao and nearby areas. An investigation by a Chung-yang She reporter revealed that agents from Hankow are chiefly interested in machinery, and steel and iron plates, all of which are to be used at the recently built Hankow shipyard to build military vessels. Agents from Canton are purchasing various kinds of iron and steel plates, and raw materials for various industries. Agents from Yang-chiang are interested mainly in small engines that can be used for building small vessels at the Yang-chiang shipyard which was also built recently. They are also buying various kinds of iron plates. Agents from Swatow and Amoy are purchasing mostly petroleum products, such as lubricating oil, kerosene, and gasoline. It was reported that the petroleum is for the Kwangtung-Fukien Naval Fleet, which is now in training at these two ports, and for the air forces stationed around Swatow and Amoy. All the goods purchased by these agents are being brought to Macao by 100 or more small vessels and junks for reshipment to China.

At present, an average of seven to ten boats arrive Macao each day with various instruments, equipment, metal products, industrial raw materials, and even large machinery, some by smuggling and some by using the names of factories in Macao as receivers. There are also some materials and goods purchased by Communist China in Europe arriving directly at Macao by ships belonging to neutral countries. (14 July)

According to a prominent Hong Kong foreign trade merchant, Communist China is now also purchasing electrical equipment, especially communications equipment, in Hong Kong. According to statistics, more than 3 million Hong Kong dollars' worth of such equipment was purchased by Communist China during the past 15 days. It was reported that these goods can easily be smuggled into China over land routes, despite strict Hong Kong antismuggling measures. (16 July)

According to a large industrial raw materials company in Hong Kong, during the past 2 months, Communist China purchased about 10 million Hong Kong dollars worth of dyestuffs and raw materials in Hong Kong and shipped them to China. Included in the purchases were more than 10,000 piculs of blue dyes manufactured in Germany, white wax, borax, and boric acid. (17 July)

According to an authoritative Western medicine merchant in Hong Kong, among the three areas of North, South, and East China, the latter buys the largest amount of Western medicine. He also said that the British ship Yunnan, which will depart for Shanghai on 20 July, will take about 2 million Hong Kong dollars' worth of Western medicine to East China. (18 July)

A news item originating from the Chung-yang She reported that the foreign trade between Communist China and Hong Kong and Macao, which once nearly collapsed from lack of foreign currency, has been revived during the past few

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months. Currently, Communist China is importing a large amount of metal goods, communications equipment, Western medicine, etc. through the No 2 Trading Company and the Nan -- [sic] Company in Macao. Shipping service between Macao and Canton has also increased. Two more freighters, the Hsin-lo and Piao-chi, now serve this route, in addition to the Hsin-ming-hsing, Li-siang, and Li-te, for transportation of goods from Macao to China. (21 July)

According to a foreign trade merchant in Hong Kong, Communist China is urgently purchasing iron and steel plates, and is paying as much as 50 to 70 percent of the value of the goods for transportation fees. He said that this sort of purchasing by Communist China has never been witnessed before, and believed that it is due to the strict anti-smuggling control now being imposed by Hong Kong authorities. Although smaller goods may be smuggled out, it is almost impossible for any bulky item to get through without being caught by a patrol boat. He also said that many private merchants are not willing to participate in the adventure of smuggling. (21 July)

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