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MEMORANDUM FOR: Chairman, Council on Foreign Economic Policy

SUBJECT: Ocean Traffic to Communist China

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1. At the OCS meeting of 16 March, there was consideration of the question whether recent ship movements to and from Communist China indicated any unusual growth in such traffic. OCS requested OIA and the Department of Defense to prepare an appropriate memorandum covering this traffic and indicating, to the degree possible, the nature of cargo. OCS asked that this memorandum be forwarded to you for your use in connection with the over-all problem of trade with Communist China.

2. In submitting this Agency's statement and supporting tables on ocean traffic to Communist China during the period 1952-1955. Unfortunately, it was not possible to develop a statement jointly with the Department of Defense at this time, although the shipping tables included with this memorandum were constructed in collaboration with ODI. It is my understanding that the Department of Defense will submit a separate statement on this subject.

ROBERT W. WALKER
Director

O/DD/I
O/Sutha/peb
22 March 1955

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Ocean Traffic to Communist China
1952 - 1955

Although both the European satellites and the USSR have furnished arms, ammunition, and military equipment to Communist China, the USSR has been by far the larger supplier.

The seaborne imports of Communist China have been subjected to an intensive scrutiny by US and allied intelligence agencies. There have been some reports of seaborne shipments of arms and ammunition to China, largely from European Communist Bloc ports, but in spite of the logic of such shipments and in spite of the intensive intelligence effort, nearly all of these reports of specific shipments remain unconfirmed. On the other hand, a large proportion of the seaborne imports constitute strategic raw materials, machinery, and equipment subject to embargo by the countries participating in the Coordinating Committee and the China Committee in Paris. The sources of these shipments of strategic goods, in order of importance, are, (a) the European Communist Bloc, (b) non-Bloc countries not participating in the embargo against Communist China, and (c) western traders who evade export and other controls and ship goods in violation of the embargo. Because of a difference in the controls applied against China and the remainder of the Communist Bloc, the goods moving from European Bloc ports also include large quantities exported legally to the European Communist Bloc by western countries and trans-shipped to Communist China in frustration of the embargo on export of these goods to China.

During the past three years there has been a continued increase in the volume of shipping arriving in Communist China from foreign ports. Total ship arrivals were 532 (1952), 826 (1953), and 958 (1954). The respective gross tonnage totals were 2,357,000 (1952), 3,936,000 (1953), and 4,354,000 (1954). In January 1952 there were 39 ship arrivals (165,000 GRT) as compared with 77 ship arrivals (345,000 GRT) in January 1953. Non-Communist Bloc tonnage in this trade increased from 76% in 1952 to 82% in 1954. The increase in Chinese imports, however, has not been proportional to the increase in ship tonnage.

During the past few years the seaborne cargo arriving in Communist China from all sources totalled 1,100,000 metric tons in 1952, 1,500,000 metric tons in 1953, and is estimated in excess of 1,300,000* metric tons in 1954. Between one-third and one-half of the total goods carried

* This is a preliminary figure and will be raised somewhat after further comparison of available data.

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were goods now classified as strategic goods whose export to Communist China is prohibited by the non- bloc countries participating in the embargo. The majority of the shipments of this strategic cargo originated in bloc ports. The remainder were made up largely of goods shipped from non- bloc countries not participating in the embargo (e.g., rubber from Ceylon) and goods authorized for shipment from participating countries under the exceptions procedures established by the Coordinating Committee and the China Committee. Strategic cargoes originating in non- bloc ports have been a declining proportion of the total during the past three years.

Data on the economic imports of Communist China during the first three months of 1955 are incomplete. Although goods arrived in December 1954 in unusually large quantities, imports in October and November were somewhat lower than normal, and we have no indication as yet that the December data continued in 1955.

The data concerning the numbers of ships arriving in China during the first three months of 1955 and the cargo carried by them are far from complete because of unusual reporting and processing delays. On the basis of the information available there is no reason to believe that either ship arrivals or quantities of cargoes carried are abnormal. We do know, however, that ships arriving in China from Japan, Hong Kong, the Soviet Far East, and other Asiatic ports will add considerably to the very low totals for ship arrivals given for these months in the accompanying tables. The tables include reported arrivals in Communist China through 15 March 1955 and therefore do not reflect vessels on the listing of current shipping to Communist China (prepared by IRI on 10 March 1955) due to arrive in China later in the month.

There is no evidence that economic imports during the past few months have included arms and ammunition. It may be assumed that the majority of the Soviet and Chinese material continues to come overland from the USSR to China.

There are attached a number of tables summarizing available information concerning the numbers and gross tonnage of ships arriving in Communist China, the volume and composition of economic imports, and the ports of origin of these imports.

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Prepared in OS/OSR
22 March 1955

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Bloc and Non-Bloc Merchant Ship Arrivals in Communist China *
 1952 - 1954
 (By Number and Thousands of Gross Tons)

<u>No. of Ships Arriving</u>	<u>Jan.</u>	<u>Feb.</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>Aug.</u>	<u>Sept.</u>	<u>Oct.</u>	<u>Nov.</u>	<u>Dec.</u>	<u>Total For Year</u>
<u>1952</u>													
Bloc	11	13	9	5	8	8	6	9	6	4	9	15	103
Non-Bloc	<u>28</u>	<u>27</u>	<u>41</u>	<u>35</u>	<u>33</u>	<u>26</u>	<u>35</u>	<u>34</u>	<u>39</u>	<u>40</u>	<u>49</u>	<u>42</u>	<u>429</u>
Total	39	40	50	40	41	34	41	43	45	44	58	57	532
<u>1953</u>													
Bloc	6	23	10	6	10	5	5	8	8	8	12	27	128
Non-Bloc	<u>49</u>	<u>55</u>	<u>56</u>	<u>59</u>	<u>63</u>	<u>55</u>	<u>64</u>	<u>55</u>	<u>63</u>	<u>59</u>	<u>61</u>	<u>59</u>	<u>698</u>
Total	55	78	66	65	73	60	69	63	71	67	73	86	826
<u>1954 **</u>													
Bloc	9	20	15	16	10	8	7	7	7	11	15	23	148
Non-Bloc	<u>62</u>	<u>46</u>	<u>80</u>	<u>61</u>	<u>66</u>	<u>75</u>	<u>66</u>	<u>77</u>	<u>67</u>	<u>60</u>	<u>69</u>	<u>81</u>	<u>810</u>
Total	71	66	95	77	76	83	73	84	74	71	84	104	958
<u>1955 ***</u>													
Bloc	12	3	4										
Non-Bloc	<u>65</u>	<u>10</u>	<u>12</u>										
Total	77	13	16										

* This table excludes vessels under 1,000 gross tons
 ** Preliminary
 *** Data for 1955 are incomplete.

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	<u>Jan.</u>	<u>Feb.</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>Aug.</u>	<u>Sept.</u>	<u>Oct.</u>	<u>Nov.</u>	<u>Dec.</u>	<u>Total For Year</u>
<u>Gross Tons of Ships</u>													
<u>1952</u>													
Bloc	64	82	53	34	33	29	35	36	25	18	55	96	560
Non-Bloc	101	89	169	157	154	122	156	148	171	139	200	191	1,797
Total	165	171	222	191	187	151	191	184	196	157	255	287	2,357
<u>1953</u>													
Bloc	29	144	60	27	59	30	32	38	45	54	71	156	745
Non-Bloc	217	257	265	279	307	261	293	257	273	261	274	247	3,191
Total	246	401	325	306	366	291	325	295	318	315	345	403	3,936
<u>1954 *</u>													
Bloc	39	107	75	84	53	44	38	42	38	54	75	117	766
Non-Bloc	265	197	348	234	313	331	323	361	307	257	302	350	3,588
Total	304	304	423	318	366	375	361	403	345	311	377	467	4,354
<u>1955 **</u>													
Bloc	71	18	19										
Non-Bloc	274	73	75										
Total	345	91	94										

* Preliminary

** Data for 1955 are incomplete.

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Communist China's Seaborne Imports 1952 - 1954 Grouped According to Present Status of Controls
(in Metric Tons)

Category	1952						1953						1954					
	From Bloc Ports		From Non-Bloc Ports		Total Cargo		From Bloc Ports		From Non-Bloc Ports		Total Cargo		From Bloc Ports		From Non-Bloc Ports		Total Cargo	
	Volume	Percent	Volume	Percent	Volume	Percent	Volume	Percent	Volume	Percent	Volume	Percent	Volume	Percent	Volume	Percent	Volume	Percent
Cargoes of Controlled or Partially Controlled Commodities(a)	299,000	58	134,312	23	433,312	38	618,000	75	143,170	21	761,170	50.4	320,000	57	120,000(g)	16	440,000	34
Cargoes of Uncontrolled or Unknown Commodities(b)	216,000	42	440,500(c)	77	656,500	62	210,900	25	537,170(e)	72	748,070	49.6	243,000	43	617,000(h)	84	860,000	66
Total	515,000	100	574,812(d)	100	1,099,812	100	828,900	100	680,340(f)	100	1,509,240	100	563,000	100	737,000	100	1,300,000(i)	100

(a) Includes Petroleum (Embargoed), Rubber (Embargoed), Iron and Steel (Embargoed July 1, 1953), Non Ferrous Metals (Embargoed with minor exceptions), Transport Equipment (Embargoed with minor exceptions), Other Equipment and Machinery (Embargoed with some exceptions), Chemicals, other than Fertilizer, and Pharmaceuticals, (Industrial Chemicals Embargoed, Pharmaceuticals Uncontrolled). If indicated, some of the commodities in this category are uncontrolled. Likewise, in the uncontrolled category, are included some cargoes of unknown composition which possibly should be included in the controlled category. The nature of the data prevents the elimination of this bias.

(b) Includes Foods, Fertilizer, Wool, Timber, Paper, Textiles and Cargoes of Unknown Composition.

(c) Includes 190,000 tons of cargo of unknown commodity composition which cleared Hong Kong Customs and is assumed to be uncontrolled.

(d) Excludes 70,000 tons estimated to have been smuggled to Communist China from Hong Kong (10,000), Macao (40,000), and other sources (20,000).

(e) Includes 191,000 tons of cargo of unknown commodity composition which cleared Hong Kong Customs and is assumed to be uncontrolled.

(f) Excludes 17,000 tons estimated to have been smuggled to Communist China from Hong Kong and other areas. Includes 22,000 tons estimated to have moved via Macao and lumped with Controlled Category.

(g) Includes 300 tons of cartridge cases and 300 tons of wireless accessories reported as imports from Japan.

(h) Includes 311,000 tons of cargo of unknown commodity composition which cleared Hong Kong Customs and is assumed to be uncontrolled, and 99,000 tons of uncontrolled cargo from Japan.

(i) 1954 data are preliminary, and do not include an estimate of cargo smuggled to Communist China from Hong Kong, Macao and other areas.

Origin of Voyages by Bloc and Non-Bloc Vessels
Arriving in Communist China Ports*
1952 - 1954
(Numbers and Thousands of Gross Tons)

	1952			1953			1954**		
	From Bloc Ports	From Non-Bloc Ports	Total	From Bloc Ports	From Non-Bloc Ports	Total	From Bloc Ports	From Non-Bloc Ports	Total
No. of Arrivals									
In Bloc Vessels	101	2	103	122	6	128	120	28	148
Percent	99	1	100	96	4	100	93	7	100
In Non-Bloc Vessels	18	411	429	48	650	698	31	779	810
Percent	4	96	100	7	93	100	4	96	100
Total	119	413	532	170	656	826	151	807	958
Percent	22	78	100	19	81	100	16	84	100
Gross Tons of Shipping									
In Bloc Vessels	545	15	560	712	33	745	598	168	766
Percent	96	4	100	95	5	100	78	22	100
In Non-Bloc Vessels	121	1,676	1,799	270	2,921	3,191	167	3,421	3,588
Percent	6	94	100	8	92	100	5	95	100
Total	665	1,692	2,357	982	2,956	3,936	765	3,589	4,354
Percent	28	72	100	25	75	100	18	82	100

* Excludes vessels under 1,000 gross tons.
** 1954 data are preliminary.

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COMMUNIST CHINA IMPORTS - 1954

(Metric Tons)

<u>Source</u>	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>	<u>Total</u>
Western Europe (Bloc Ports)	19,831	76,528	36,108	52,500	36,305	42,433	56,835	39,338	52,237	40,648	20,128	58,118	531,009
Hong Kong	25,404	27,371	38,772	17,938	23,399	24,094	21,333	33,020	20,539	26,222	29,124	24,394	311,610
Soviet Far East		17,452	586		3,299		1,285					9,387	32,009
Japan	8,678	9,650	9,301	2,700	470		13,200	32,893	8,500	8,305	134	11,507	105,338
Western Europe (Non-Bloc Ports)	<u>9,850</u>	<u>14,191</u>	<u>52,777</u>	<u>29,806</u>	<u>25,039</u>	<u>10,580</u>	<u>14,358</u>	<u>17,333</u>	<u>28,489</u>	<u>22,591</u>	<u>17,997</u>	<u>77,200</u>	<u>320,211</u>
Total	63,763	145,192	137,544	102,944	88,512	77,107	107,011	122,584	109,765	97,766	67,383	180,606	1,300,177

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Communist China's Seaborne Imports - 1954 - By Months*
 Grouped According to Present Status of Controls
 (In Metric Tons)

Month	Cargoes of Controlled or Partially Controlled Commodities			Cargoes of Uncontrolled or Unknown Commodities			Metric Tons	Grand Total	
	From Bloc Ports	From Non-Bloc Ports	Total	From Bloc Ports	From Non-Bloc Ports	Total		Controlled	Uncontrolled
January	1,050	4,150	5,200	18,781	39,782	58,563	63,763	08	92
February	67,269	14,493	81,762	26,711	36,719	63,430	145,192	56	44
March	25,593	13,044	38,637	11,101	87,806	98,907	137,544	28	72
April	25,875	14,344	40,219	26,625	36,100	62,725	102,944	39	61
May	21,603	4,513	26,116	18,001	44,395	62,396	88,512	30	70
June	26,489	9,100	35,589	15,944	25,574	41,518	77,107	46	54
July	48,516	3,374	51,890	9,604	45,517	55,121	107,011	48	52
August	26,534	16,292	42,826	12,804	66,954	79,758	122,584	35	65
September	27,046	6,613	33,659	25,191	50,915	76,106	109,765	31	69
October	8,619	2,719	11,338	32,029	54,399	86,428	97,766	12	88
November	14,103	5,714	19,817	6,025	41,541	47,566	67,383	29	71
December	<u>27,140</u>	<u>25,196</u>	<u>52,336</u>	<u>40,365</u>	<u>87,905</u>	<u>128,270</u>	<u>180,606</u>	29	71
TOTAL	319,837	119,552	439,389	243,181	617,607	860,788	1,300,177	34	66

* 1954 data are preliminary

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Bloc and Non-Bloc Merchant Ship Arrivals in Communist China
1952 - 1954

	1952			1953			1954		
	<u>Bloc</u>	<u>Non-Bloc</u>	<u>Total</u>	<u>Bloc</u>	<u>Non-Bloc</u>	<u>Total</u>	<u>Bloc</u>	<u>Non-Bloc</u>	<u>Total</u>
Number of Vessels Arriving	103	429	532	128	698	826	148	810	958
Percent	19	81	100	16	84	100	15	85	100
Gross Tons (Thousands)	560	1,797	2,357	745	3,191	3,936	766	3,588	4,354
Percent	24	76	100	19	81	100	18	82	100

S-E-C-R-E-T

Joseph Dodge
Special
Committee
White House