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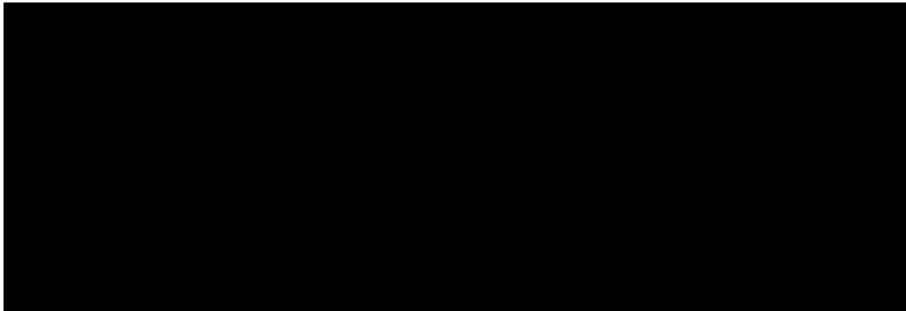
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NSC BRIEFING

23 March 1955

NSA Dclassification/Release Instructions on File.
CHICOM OIL

- I. ChiComs use 1.5 million tons POL annually, get over two-thirds of it from Soviet Bloc (this true in both '53 and '54).

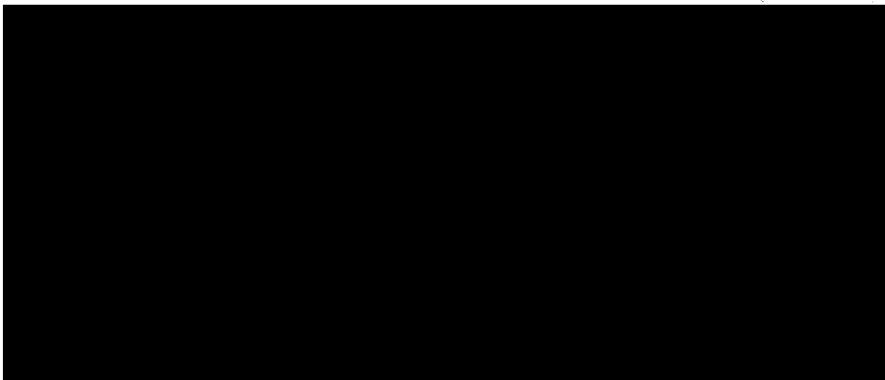


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- B. China itself produces less than one-third of its annual petroleum consumption.

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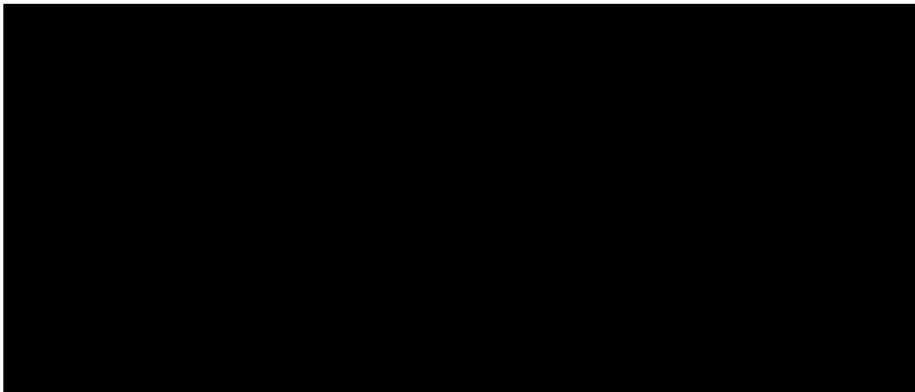
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II.

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- A. This pattern likely to change with completion Trans-Mongolian railroad (via Ulan Bator to Tsining). New line, with annual capacity of some 2 million tons each way, will cut the haul across Siberia to China proper by about 680 miles.
- B. If necessary, new line could carry considerably more than whole amount of Bloc POL now reaching China both by land and by water.
- C. Line will also open up new Mongolian oil field (Sain Shanda) for exports to China.

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Mongolian railroad is expected to be handling through traffic "before the year (1955) is out." In view of past rate of progress, line may well be open for at least partial traffic by May '55.

III. Use of tanker deliveries to China in '54 is attributable both to expansion of Soviet tanker fleet and to relative cheapness ocean transport.

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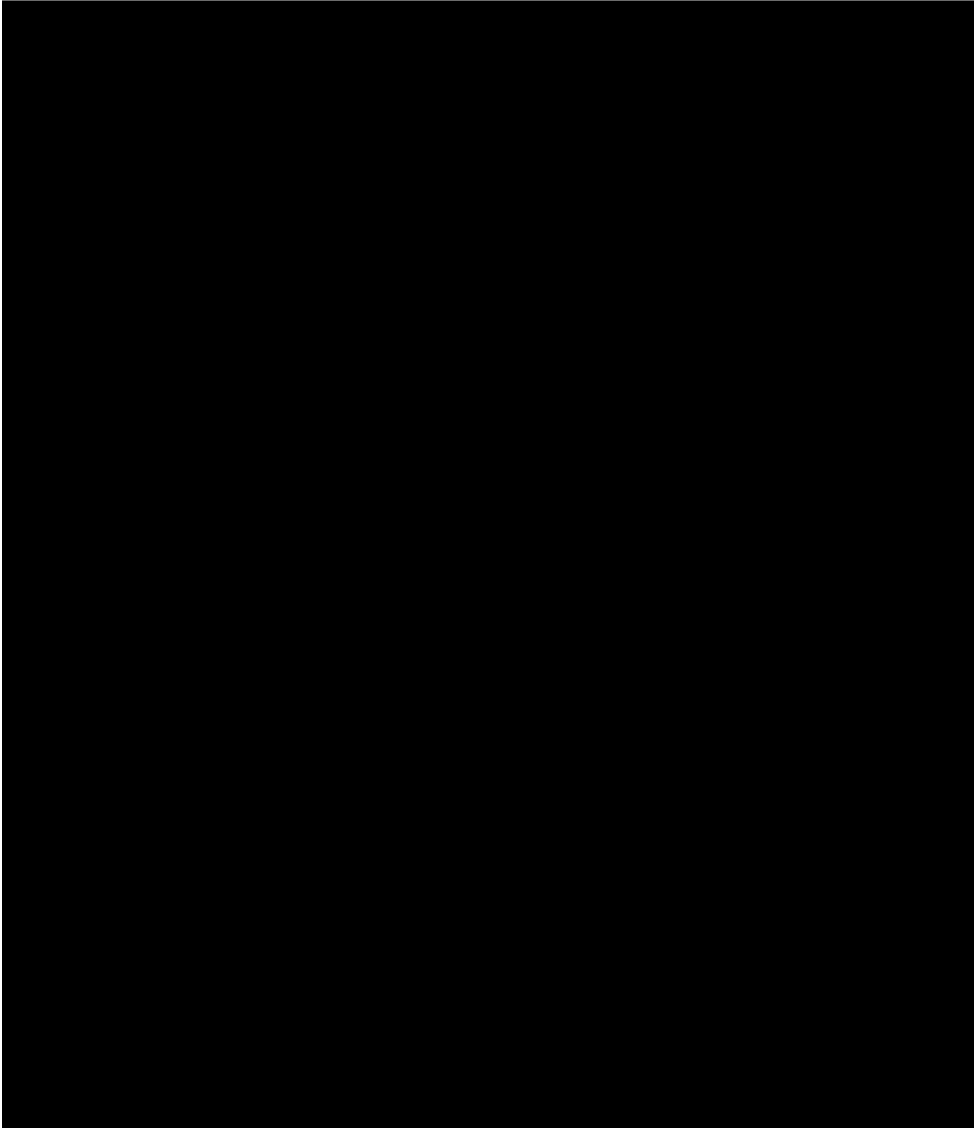
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Soviet Far East requirements, we
assume most is being trans-shipped
to China.



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A. Has been suggested that ChiComs actually have controlling interest in

CHIPOLBROK (joint chartering organization that operates vessels in China trade).

B. However, no firm evidence on this point.

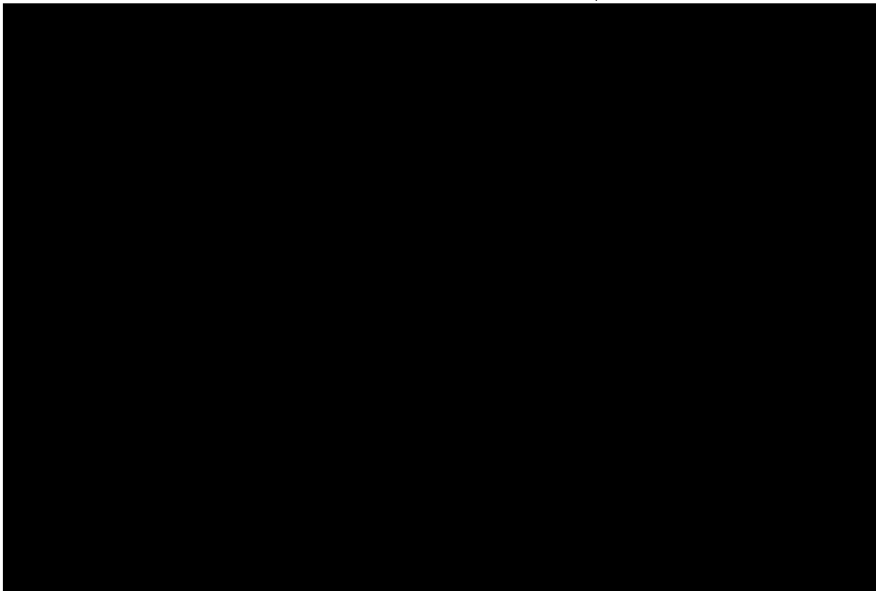
C. Has also been suggested that, since Poles lost PRACA to ChiNats, almost lost KARPATY, they cooling in enthusiasm for China trade.

IV. With the exception of the ARUBA, Western tankers have not engaged in the China trade in recent months. The high charter rate the ChiComs were willing to pay for the ARUBA, however, when taken with other indications, suggests a current demand for POL in South China.

A. Until recently, the ChiComs have shown no interest in procuring POL from the Hong Kong - Macao area for some 2½ years.

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