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CENTRAL INTELLIGENCE AGENCY

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INFORMATION REPORT

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COUNTRY China/Hong Kong/Macao

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SUBJECT Chinese Communist Acquisition of Gasoline

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1. Before the Hong Kong Government prohibited the sale of gasoline to the Chinese Communists (18 July 1950), many gasoline dealers received advance notice and sent large stocks of gasoline to Macao for storage. TANG Fu-i (唐福儀), gasoline dealer at 29 Hing Lung Lane, Hong Kong, sent 7,000 drums of gasoline to Macao before the order became effective.*
2. On 16 August 1950, through TSENG Kung-i (曾恭毅), a gasoline broker, TANG sold 3,000 drums of this gasoline to WU Kang (吳康), a Communist purchasing agent in Hong Kong, at US \$36 per drum. The Communists are planning to ship these drums to Canton via Shihchi (113-22, 22-30). WU is trying to get funds to purchase the remaining 4,000 drums.
3. The Communists are collecting gasoline daily in Hong Kong and the New Territories by sending cars to fill up with gasoline in various stations. The cars go to a rendezvous point where the gasoline is siphoned from the tanks into drums. The cars then return and purchase gasoline at other stations. The number of cars operating is unknown but the gasoline stock is accumulating rapidly.
4. The legal price of gasoline in Hong Kong is Hong Kong (HK) \$92.70 per drum, but the black market price is HK \$160. The legal price of kerosene is HK \$72 per drum, and the black market price is HK \$140.
5. The Communists are using two Hong Kong organizations to smuggle gasoline: The Lien T'ai (聯泰) Company, Ta Ao (大澳); and the T'ai Hsing (泰興) Company, Un-long, New Territories.
6. YUNG Hua (容華), also known as LIANG Ko (良哥), the proprietor of Lien T'ai, is 40 and has lived in Ta Ao for 20 years. He is well known as a smuggler in that area. YUNG is employed by the South China Trading Bureau to smuggle gasoline for a transport fee of \$30 per drum, which he receives from the Chinese Communists in Hong Kong. YUNG must pay for gasoline lost during smuggling. His connections with the Hong Kong police are good, and the business is prosperous and easy.
7. Since 1 August T'ai Hsing has smuggled an average of 100 drums of gasoline daily. The route is from Yuan Lang to Pinghai (114-53, 22-37), then to

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Huiyang (114-26, 23-05) or Shanwei (115-22, 22-47) and Haifeng (115-20, 22-58) by motor junk; then the Chinese Communists transport the gasoline to Canton.

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*  a concerning movement of other products out of Hong Kong to Macao.

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