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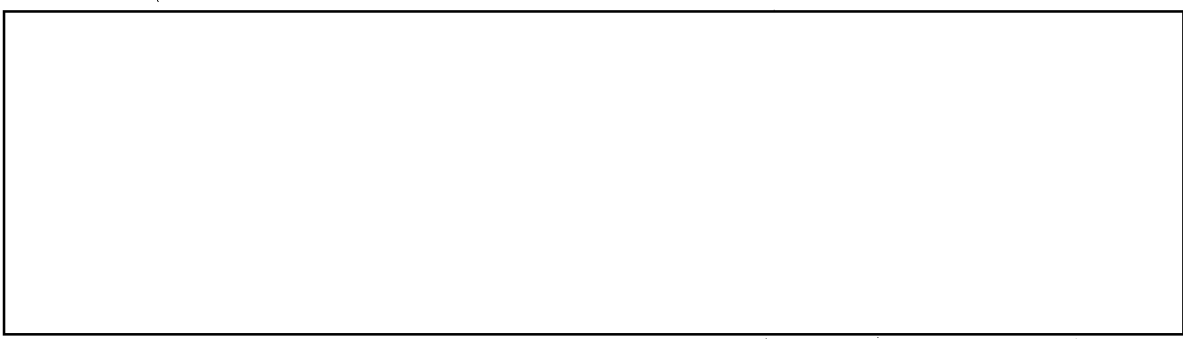
SUPPLEMENT TO REPORT NO.

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1. In September 1951 the North China Eurasia Company of Tientsin had a branch office at 148 Des Voeux Road Central, Hong Kong, on the fifth floor. The North China Eurasia Company has been doing a good business shipping salt and soybeans to Hong Kong and procuring medicines and metals for Tientsin. Its Hong Kong office was established on the condition that it would work under Chinese Communist supervision, and would undertake intelligence work in Japan. The company was planning to open an office in Japan.

2. In late August 1951 the Chinese Communist Military Affairs Commission (sic) established a Communications<sup>1</sup> station in Hong Kong to coordinate the purchasing of aviation supplies. The station is on Fa Yuen Street, Mongkok, Kowloon, and is headed by CHANG Sen-k'ang (張森康), who is also responsible for all buying of aviation supplies from foreign firms in Hong Kong. These purchases are made in secret, directly from the foreign firms.

3. As a measure to counter the embargo on strategic materials and American control of the markets in Southeast Asia, the Chinese Communists in August established a Rice-Tin-Rubber Committee in Hong Kong to obtain these strategic materials and smuggle them into China.<sup>2</sup>

4. In August the Chinese Communist-controlled Wu Fu (五福) Company<sup>3</sup> was engaged in smuggling tires and gasoline to Communist China with the help of personnel of the Hong Kong Police Department. The goods were taken to Lo Wu<sup>4</sup> under police protection, and the police at the border received a share of the profits. The ferrying of the shipments across the river was done under the cover of

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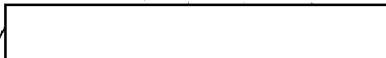
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of darkness. Smuggling was being carried on over this route at the rate of 2,000 gallons of gasoline and 50 sets of tires each day.

5. As a result of the United Nations embargo there is a shortage of industrial raw materials on the Chinese mainland. In early September the Chinese Communist central authorities ordered the Finance and Economics Committee in Peiping to encourage businessmen to go to Hong Kong and Macao to buy the required raw materials and smuggle them into Communist China. At the same time the central authorities ordered public security agencies in Communist China to facilitate the granting of visas to businessmen and to permit such persons to purchase foreign exchange in China at the official rate of exchange. 25X1



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