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CENTRAL INTELLIGENCE AGENCY

REPORT NO. [REDACTED]

INFORMATION REPORT

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COUNTRY **Macao/Hong Kong/China**

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SUBJECT **Far East Gold Market**

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SUPPLEMENT TO REPORT NO.

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Macao Gold Imports, October

STATOTHR

1. [REDACTED]

Collapse of Far East Market

- 2. The Far East gold market, on which Macao's prosperity depends, has virtually collapsed, and Macao gold prices are now lower than in Southeast Asia and the Near East. Chinese have stopped buying because they fear the possibility of strict Communist regulations prohibiting gold hoarding, and large gold stocks now exist in Hong Kong and Macao.
- 3. The Tai Fung Cambista**, which believes that the Communists will have strict regulations but also feels that they will permit Chinese to hold and sell jewelry, is making large quantities of gold jewelry which conform to exact weights. For instance, it manufactures necklaces weighing exactly 5 taels and stamped "99 guaranteed purity by Tai Fung."
- 4. The China market probably will not revive for at least six months, and, if controls are very strict, may not revive for a year or more.

Gold Estimates, Hong Kong and Macao

- 5. Estimated amounts of gold now held in Hong Kong and Macao are as follows:

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	<u>Hong Kong</u>	<u>Macao</u>
Gold for trading, etc.	450,000 troy ounces	500,000 troy ounces
Hoarded gold	<u>300,000</u> " "	<u>100,000</u> " "
TOTAL	750,000 troy ounces	600,000 troy ounces

Gold Smuggling Methods, Macao

6. Methods for smuggling gold out of Macao were as follows:
- a. Individual Chinese bought gold in Macao in small amounts and smuggled it into Hong Kong or China as a private venture.
 - b. Professional couriers were sent from Macao with gold bars, each weighing as much as five taels, on a string around their waists.
 - c. Fishing and cargo junks were hired by Macao smugglers to carry gold to Canton or Wuchou when other methods became too dangerous or too expensive. Many junk owners smuggled for their own profit.
 - d. [Redacted] large organizations smuggled large quantities of gold into Hong Kong and China by airplane and fast motor boat, which required the heavy bribing of Chinese officials.
7. Gold was usually smuggled from Macao to Hong Kong in two stages: it was shipped in launches to a rendezvous near Lantau Island, where it was transferred to a fishing junk registered in Hong Kong which could enter Hong Kong waters without being searched.

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* [Redacted] Comment. [Redacted] stated that 113,000 ounces of gold arrived in Macao during the first three weeks of October. See [Redacted] concerning the September gold import. 25X1A

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** See [Redacted]

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