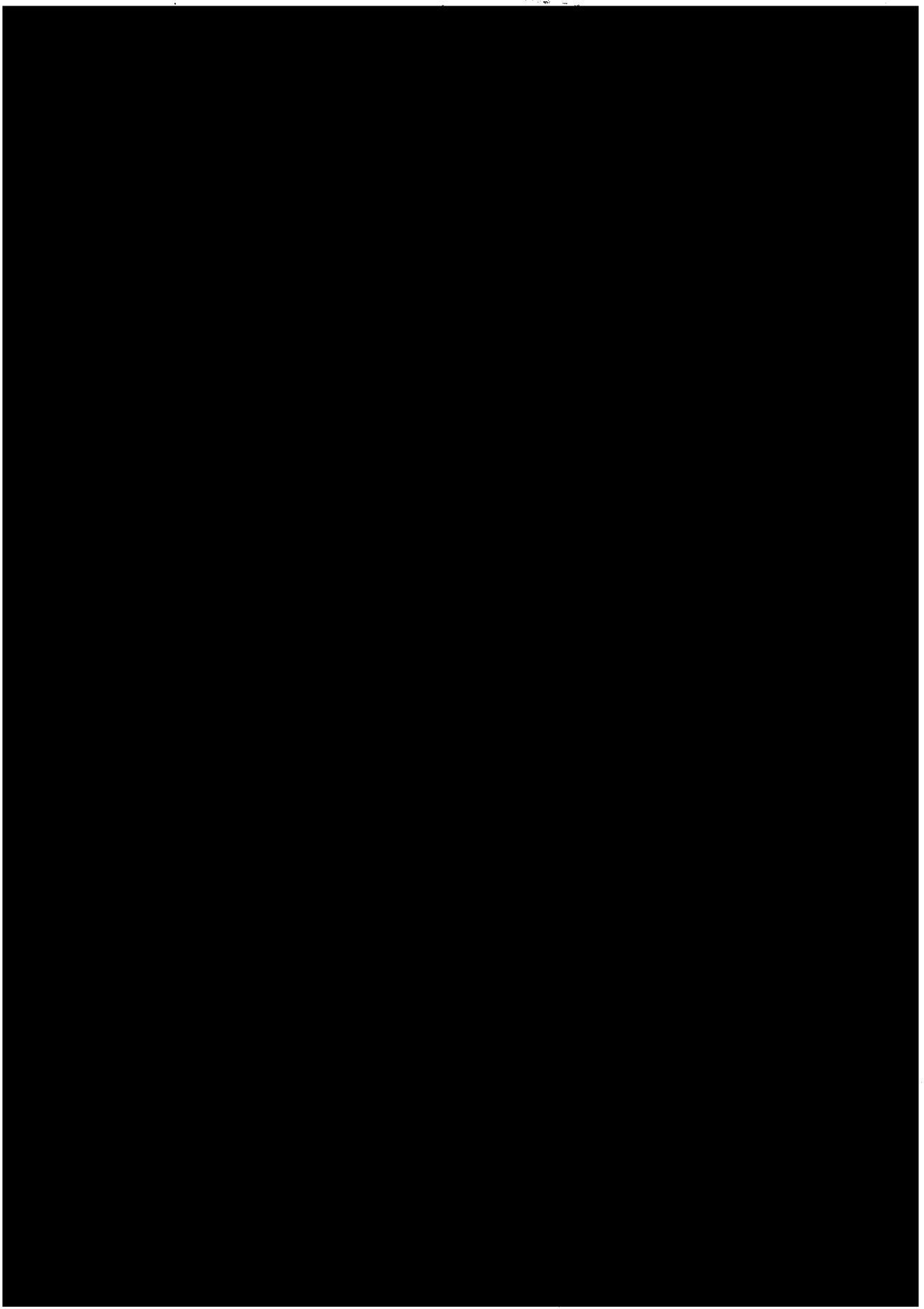


ECONOMIC INTELLIGENCE REPORT

COMMUNIST CHINA'S IMPORTS AND EXPORTS, 1954:

TRADE AND TRANSPORT INVOLVED

[redacted] 25X1C

(Approved by EIC 12 July 1955)

EIC-R1-54

[redacted] 25X1C

ECONOMIC INTELLIGENCE COMMITTEE

S-E-C-R-E-T

FORWARD

The present report is the fifth in the series of intelligence studies on Communist China's foreign trade prepared [redacted] It differs from previous studies in the series primarily in three respects:

1. A somewhat more extensive analysis of the evidence supporting the estimated levels of trade has been presented.

2. A more complete examination of cargoes moving by sea has produced a clearer picture of the movements of seaborne exports from Communist China to the European Satellites and to the Free World. This, in turn, has assisted in the production of more useful estimates of the approximate magnitude and composition of overland trade.

3. The discussion of transport and transport services utilized in carrying Communist China's foreign trade has been expanded to include a fuller description of overland transport connections.

Members of the [redacted] reached broad agreement, with the qualifications noted in the paper, in the estimates presented as to levels of trade, shipping and cargo movements, and overland transport capabilities and traffic. Divergent [redacted] interpretations of the intelligence on minor questions of fact are indicated as appropriate in the text but these do not affect any of the principal estimates presented.

These estimates are necessarily based on intelligence of widely varying reliability;* and in the use of particular estimates it is important that the reader bear in mind the assumptions and qualifications underlying each. Nevertheless the general pattern of Communist China's trade and related transport presented in this report is considered broadly reliable and embodies the intelligence available on the subjects presented.

*The introductions to Sections II and III, (pp.9-11 and 52-53) on value and volume of trade; Section IV, B, (p.95 ff) on overland transport; and Appendix A, (p. 139 ff) on cargo intelligence for seaborne trade movements evaluate the sources for this study.

CONTENTS

Appendix C

Page

Tables

COMMUNIST CHINA'S IMPORTS AND EXPORTS, 1954: TRADE AND TRANSPORT INVOLVED

I. Summary of Major Developments During 1954*

(Note: The figures quoted in this summary are estimates based on intelligence of varying degrees of reliability and on Chinese Communist announcements. The introductions to Sections II and III, (pp. 9-11 and 52-53), on value and volume of trade; Section IV, B (p. 95 ff), on overland transport; and Appendix A, (p. 139 ff), on cargo intelligence for seaborne trade movements evaluate the sources for this study and should be referred to when using any of these estimates. In particular, in order to avoid misunderstanding with respect to overland capability and unused capability, attention is directed to the definition of "capability" on page 99.)

A. The Level of Trade (see Tables 1 and 2 - on pp. 3 and 4, following)

Communist China's foreign trade in 1954 is estimated at approximately $2.5 billion as compared with $2.2 billion in 1953 and, as in 1953, is believed to have been approximately balanced between imports and exports. The trade increased over 1953 levels with Asian Bloc countries (largely because of Chinese Communist grant aid) and with the European Satellites, remained at the same levels with the USSR, and declined with non-Bloc countries.

The total tonnage of Communist China's trade is estimated at close to 11.4 million tons - including 3.5 million tons of imports (machinery, petroleum, and other industrial materials) and nearly 7.9 million tons of exports (agricultural products, minerals, etc.). Of this total tonnage, some 5.1 million tons were seaborne and approximately 6.25 million tons were shipped overland.

* Available information on developments during the 1st quarter of 1955 is summarized in an Annex, p. 134 ff.

The trend toward increased Bloc participation in Communist China's foreign trade continued in 1954 when the Bloc accounted for more than three-quarters of total China trade even after adjustments have been made (e.g., for the growing European Satellite re-sales of Chinese goods to non-Bloc countries). In spite of the decline in Communist China's total trade with the free world, trade with Japan and Pakistan increased sharply.

The decline in total imports from non-Bloc countries was reflected in unrecorded, as well as in recorded imports. Unrecorded imports in 1954 were about $50 million as compared to estimates of $90 million and $70 million for 1953 and 1952 respectively. Apparently, the Soviet Bloc has supplied an increasing proportion of Communist China's import requirements for goods controlled by CHINCOM countries; so that Chinese Communist efforts to obtain strategic goods through smuggling channels in Hong Kong and Macao have slackened in 1953 and 1954 as compared with 1952, and transshipments of strategic goods of Western European origin through Bloc ports in Eastern Europe apparently declined about one-half in 1954 as compared with 1953. Nevertheless, these unrecorded imports remained a significant share of Communist China's total imports from non-Bloc countries.

Table 1

Summary of Communist China's Estimated Imports, 1954

	Volume of Shipments (in thousands of metric tons) Seaborne	Overland	Total	Value of Trade (Millions of US Dollars)
Non-Communist				
Direct				
1. Western Europe and W. Hemisphere	301	--	301	$ 74
2. Hong Kong	310 a/	--	310	70
3. Japan	137	--	137	20
4. All Other	135	--	135	109
Subtotal, Recorded	883	--	883	$ 273
Indirect (unrecorded)				
5. Western Europe (Transshipments)	111	--	111	$ 30
6. Macao	18 b/	--	18	10
7. Hong Kong (smuggling)	7 b/	--	7	5
8. All Other	14 c/	--	14	5
Subtotal, Unrecorded	150	--	150	$ 50
Total, Non-Communist	1,033	--	1,033	$ 323
Communist				
9. USSR	70	1,700	1,770	$ 625
10. European Satellites	480 d/	110	590	280
11. North Korea & Mongolia	--	100	100	17
12. Viet Minh	--	10	10	5
Total, Communist	550	1,920	2,470	$ 927
Grand Total	1,583	1,920	3,503	$ 1,250

a. Includes 77,000 tons carried in small craft and 10,000 tons which moved overland (since most of these commodities arrived in the Far East by sea).
b. Some of these imports moved overland but most of the commodities involved had arrived in the Far East by sea.
c. Includes 6,000 tons of rubber from Southeast Asia.
d. Of the total 591,000 tons of cargo which arrived in Communist China from European Satellite ports, it is estimated that 111,000 tons were actually of West European origin (see No. 5 above).

Table 2

Summary of Communist China's Estimated Exports, 1954

	Volume of Shipments (In Thousands of metric tons)			Value of Trade (Millions of US Dollars)
	Seaborne	Overland	Total	
Non-Communist				
1. Western Europe and W. Hemisphere	378 a/	--	378	$ [illegible]
2. Hong Kong	436 b/	100	536	[illegible]
3. Macao	85 c/	--	85	[illegible]
4. Japan	253	--	253	[illegible]
5. All Other	387	--	387	[illegible]
Total, Non-Communist	2,039	100	2,139	$ [illegible]
Communist				
6. USSR	450	3,500	3,950	$ [illegible]
7. European Satellites	1,048 d/	110	1,158	[illegible]
8. North Korea & Mongolia	--	1,000	1,000	[illegible]
9. Viet Minh	13	27	40	[illegible]
Total, Communist	1,511	4,637	6,148	$ [illegible]
Grand Total	3,550	4,737	8,287	$ [illegible]

a. Includes commodities purchased directly by Western Europe and commodities shipped to Western Europe on Rice account and later re-sold to Western European countries.

b. Includes 308,000 tons in vessels under 1,000 GRT.

c. Exports to Macao moved largely in junks and launches.

d. Includes an estimated 295,000 tons which reached the European Satellites through Western European ports.

B. Shipping

The upward trend in the number of ocean-going* vessels arriving in and departing from Communist China during 1952 and 1953 continued in 1954. During the year there were 1,004 vessel arrivals totaling 4,600,000 gross registered tons (GRT) as compared with 826 arrivals totaling 3,900,000 GRT in 1953 -- representing an increase in GRT's of arrivals by 18 per cent. Vessels of non-Bloc registry accounted for 82% of the gross tonnage of arrivals in 1954, as compared to 85% in 1953. Vessel departures from Communist China in 1954 totaled 986 representing 4,500,000 GRT, as compared with 825 vessels and 3,900,000 GRT in 1953.

The 18% increase in the tonnage of shipping arriving in Communist China is accounted for by substantial increases in British, Soviet Bloc and Japanese flag participation, and by the fact that Swedish, Italian and Netherlands shipping in the China trade doubled in 1954. British flag vessels continued to be the largest group, comprising 45% of the GRT - compared with 42% in 1953. Soviet Bloc and Japanese vessels accounted for 16% and 13% of the total GRT, respectively. These percentages are virtually the same as in 1953, reflecting increases in arrival tonnages roughly proportionate to the over-all increase. Other countries with substantial shipping in the China trade were Norway, Sweden, Denmark, the Netherlands, France and Finland.

No major changes were evident in the origins of shipping arriving in Communist China. In 1954, as in 1953, one third of the total GRT originated in Europe, while nearly all of the remainder originated in Asia.

* Merchant vessels of 1,000 gross tons and over.

Shipping tonnage originating in Western Europe increased by nearly 30%, to 1,092,000 GRT. This reflects a greatly expanded liner service from Europe to China (from 453,689 GRT in 1953 to 1,005,099 GRT in 1954). Tonnage originating in Eastern Europe, on the other hand, decreased slightly from 568,000 to 498,000. The largest increases in Asia were from SE Asia and the Indian area, while relatively small increases were evident from Hong Kong and Japan, and the tonnage from the Soviet Far East actually decreased.

Similarly, there were no major changes in the destinations of shipping departing Communist China. Europe was the destination of 44% of the total GRT, as compared with 45% in 1953, and Asia was the destination of nearly all the remainder.

Shipping services by non-Bloc countries to the Soviet Bloc (which indirectly assisted Communist China by allowing a greater proportion of Bloc shipping to be engaged in the China trade) continued to increase in 1954. 828 non-Bloc vessels totaling 3,708,000 GRT, were chartered by the Bloc (of which, number approximately 10% - representing 15% of the GRT - were employed directly for the China trade), a substantial increase over 1953. Eighteen new merchant vessels totaling 52,893 GRT were delivered to the Bloc from non-Bloc shipyards, and 11 second hand ships totaling 55,432 GRT were sold to the Bloc by Western European and Finnish ship owners, as compared to 16 new and 2 second hand ships delivered and sold to the Bloc in 1953. 61 Bloc vessels for 310,058 GRT were provided repair facilities in non-Bloc shipyards, as compared to 46 Bloc Ships for 204,633 GRT in 1953.

C. Overland Transport

Communist China's foreign trade over interior transport routes in 1954 moved primarily (1) by railroad, road, river, and air with USSR; (2) by railroad and air with North Korea; (3) by railroad and road with Hong Kong; (4) by road with North Vietnam; and (5) by road with Burma. None of these facilities was used to its full capability* over the year.

By far the most important route, and one which carried the bulk of China's overland foreign trade in 1954 is the Trans-Siberian railroad and two of its connecting links with Communist China. Trade carried on these routes and the inland waterway and roads between Communist China and the USSR totaled 1.8** million in imports and 3.4** million in exports - leaving an unused capability of these connecting routes estimated at 3.5 million tons for imoorts and 1.75 million tons for exports.

There are several additional interior connections between Communist China and adjacent countries which carried no significant volume of international trade in 1954, but which could be used for international trade. The potential capability of these additional routes between Communist China and the USSR added to the unused capability of routes actually used for international trade during 1954 provides a total unused capability of 5.75 million tons for imports and nearly 4 million tons for exports, if adequate equipment, personnel and servicing facilities were made available.

*For definition, see page 99.
**Including overland trade with the European Satellites (which necessarily had to transit the USSR).

(The usual graphs will be included in the printed edition - see Graphs I, II, and III following page 6 in EIC-R1-53. To these it is planned to add an additional graph comparing overland traffic with estimated capabilities of connecting routes in 1954. Consideration is also being given to another graph comparing ship cargoes to estimated capacity of shipping or ports. Inclusion of such additional graphs would, however, be subject to their approval by the EIC representatives at a later date - prior to printing.)

II. Value of Trade

A. Communist China's Total Trade

1. Introduction

Data and intelligence regarding the size of Communist China's total trade remain fragmentary, although some portions of this trade may be estimated with confidence. Fairly firm estimates can be made from intelligence data and published trade statistics as to the value and volume of Communist China's trade with non-Bloc countries. Similarly, intelligence data provide a reliable estimate of the volume of seaborne trade with the Bloc, with sufficient commodity detail to provide a rough estimate of its value. Comparable data, however, are not available to estimate the overland trade with the Bloc, which constitutes the bulk of the trade with the USSR and Asian Satellites and a considerable part of the trade with the European Satellites. It is necessary, therefore, to rely to a large extent on Chinese Communist trade announcements in estimating the over-all level of trade and in deriving therefrom estimates of overland trade with the Soviet Bloc.

The scope of Chinese Communist trade announcements has varied sharply from year to year. Data on 1950 trade were published in great detail and since three-quarters of this trade was with non-Bloc countries, the reliability of these data could be established from other intelligence information. In contrast, only a few summary statistics were announced on the trade in 1951 and 1952, during the active Korean war hostilities. Since 1952 the

Chinese Communists have released more information on their trade, although far less than that reported on their 1950 trade.

It must be noted, however, that the Communist trade announcements are invariably stated in percentages, are never clearly defined, often appear mutually inconsistent and may thus refer to different aspects of trade. The Chinese Communists have not stated whether their trade statistics include Soviet military deliveries or other imports or exports made under various grant or loan programs, nor have they reported the monetary units in which their trade statistics are expressed. Although the Chinese Communists have implied that their trade with the USSR during 1950-54 was conducted at 1950 world prices, this claim cannot be checked and it is suspected that some trade with the Bloc, particularly grant aid shipments to North Korea, may be conducted at inflated prices to exaggerate the level of trade. All of these factors may introduce errors in interpretation of the Chinese Communist announcements, and thus affect final estimates of the actual level of trade. In view of these uncertainties, it has been necessary to select critically from the various Chinese Communist claims those data believed to provide the most reasonable description of Chinese Communist trade. All known announcements have been considered, however, and the possible total levels of trade indicated by these data all fall within 10 to 20 per cent of the figure estimated below.

An evaluation has also been made of Chinese Communist trade claims reflecting overland trade with the Bloc by comparison

with such other evidence as the scattered direct observations of travelers or residents along the transport routes, and by indirect evidence provided by analyses of production for export, and/consumption of imported goods; but such evaluation can establish the reliability of Chinese Communist trade announcements only within broad limits. In view of the limitations of the data and the uncertainties involved in their interpretation, the estimated level of trade in 1954 is considered approximate.

Analysis of available data suggests that Communist China's trade in 1954 increased somewhat over 1953, reflecting an expansion of trade with Bloc countries which more than offset a decline in trade with non-Communist countries. In the following comparative estimates of trade for 1953 and 1954, the levels of trade have been derived primarily from Chinese Communist announcements, while the distribution of trade shown as between Bloc and non-Bloc countries reflects estimated origin and final destination of shipments, based on Free World statistics and a considerable volume of intelligence material.

	Millions of US dollars	
	1953*	1954
USSR	$ 1,220	$ 1,240
European Satellites	285	440
Asian Bloc		200
Total Soviet Bloc	1,505	1,880
Non-Bloc Countries	695	620
Total Trade	$ 2,200	$ 2,500

* Revised from EIC-BL-53

2. Chinese Communist Trade Announcements

In the past year the Chinese Communists have published additional information on their 1953 trade which modifies slightly the estimates in EIC-R1-S3. The EIC-R1-S3 estimate of the 1953 level of trade of $2,200 million is consonant with a later Chinese Communist statement that 1953 trade was 4.57 times the 1936 level, a proportion which applied to the dollar value of trade in 1936 used in Soviet published statistics yields a figure for 1953 trade of $2,239 million. Chinese Communist data on the distribution of trade in 1953, however, indicate that the Bloc portion should be raised to 75 percent, with the USSR and the Satellites accounting for 56 percent and 19 percent, respectively, and that the non-Bloc portion should be lowered to 25 percent.

Chinese Communist data on 1954 trade include preliminary estimates of increases over 1953 of 14 percent in total trade, 14 percent in exports and 18 percent in imports, 27 percent in trade with the Bloc, 26 percent in trade with the USSR, 29 percent in trade with European Satellites, and 96 percent in trade with the Asian Satellites. The Bloc proportion of total trade was also stated to have been 80 percent. Another announcement at the end of 1954 stated that trade with the European Satellites was, "now about one-fifth" of total trade. A published balance of payments analysis claimed an increase in 1954 over 1950 of 121 percent in Communist China's international payments and receipts, with the

proportion for trade rising from 70.8 percent to 83.9 percent, indicating an increase of 161 percent in trade and 22 percent in non-trade receipts and payments between 1950 and 1954.

3. The Level and Direction of Trade

Chinese Communist statements of the increase in 1954 over 1953 of total trade and of exports and imports suggest that trade increased by 14 to 16 percent, or to about £2,500 million. The balance of payments data, applied to the fairly firm estimates of 1950 trade of £1,035 million to £1,080 million, would suggest a higher figure for 1954 trade of £2,700 million to £2,800 million. The balance of payments data, however, were compiled by the People's Bank of China rather than the Customs Administration, and may accordingly have omitted a significant portion of trade in 1950 which consisted of imports with self-provided exchange by private importers. Such imports were actively encouraged by the Chinese Communists during 1950, owing to their limited foreign exchange reserves, and would not have required a foreign exchange allocation from the People's Bank. The Chinese Communist data, therefore, are believed to support a rounded estimate of total trade in 1954 of only about £2,500 million. It should be noted, moreover, that this estimated expansion of Communist China's total trade was to a large extent not based on expanded commercial markets. A large increase in trade with Asian Satellites was financed for the most part by grant aid, while a substantial increase in trade with the European Saltellites appears to represent fulfillment

of under-deliveries from these countries in previous years (see II, A, pp. 17-18).

The Chinese Communist trade data show a continuing reorientation of Communist China's trade toward the Soviet Bloc, which reportedly accounted for 80 percent of the trade in 1954. In contrast to previous years, however, the distribution of trade within the Bloc was not announced for 1954; and the proportions of the USSR, the European Satellites, and the Asian Satellites in Communist China's total trade have been estimated separately on the basis of other Communist statements plus available intelligence (see Section II, B, p. 20 ff.). The estimates so derived would then compare with those from 1953 (revised from EIC-RM-53) as follows:

Millions of US Dollars

	1953	1954
Total, Bloc	$1,650	$2,000
USSR	$1,230	$1,250
European Satellites	400	550
Asian Satellites	20	200
Total, Non-Bloc	550	500
Total trade	$2,200	$2,500

The non-Bloc figures from Chinese Communist data are lower in 1953 and 1954 by $145 million and $129 million, respectively, than the estimates of non-Bloc trade based on the trade statistics of non-Bloc countries plus intelligence on

unrecorded trade (see Section II, C, p. 34 ff.). It is believed that this difference arises because Communist China regards as trade with the Soviet Bloc some of the trade identified in the latter estimate as with non-Bloc countries. Such trade would include (a) an estimated $75 million in 1953 and $90 million in 1954 of Chinese Communist exports sold to Bloc countries and subsequently resold in Western European markets, and (b) estimated transshipped Chinese Communist imports of strategic goods of Western European origin via Bloc ports of $65 million in 1953 and $30 million in 1954. With the exception of perhaps $10 million of exports to the USSR in each year, all of this was probably regarded by the Chinese as trade with the European Satellites. The comparison of these two breakdowns for 1954 is as follows:

Communist China's Estimated Foreign Trade in 1954

Millions of US Dollars

	As Apparently Regarded by the Chinese Communists	By Estimated Origin or Final Destination of Shipments
USSR	$ 1,250	$ 1,240
European Satellites	550	440
Asian Bloc Countries	200	200
Total Soviet Bloc	$ 2,000	$ 1,880
Non-Bloc Countries	500	620
Total Trade	$ 2,500	$ 2,500

It should be noted that these estimates of the distribution of trade are not consistent with certain Chinese Communist announcements purportedly showing the percentage increases from year to year of trade with various Bloc countries. Two of such indexes, however, based on 1950 and showing that by 1953 trade with the Bloc had quadrupled and that with the USSR had increased 3½ times are so inconsistent with other Communist announcements and intelligence estimates as to suggest that such data do not measure actual trade movements. It seems probable that such data may instead refer to the value of trade contracts negotiated under the annual barter agreements with Bloc countries. There is strong evidence that in 1950, when the barter agreements were first inaugurated, actual trade movements were far below the value of the trade contracts, although in later years the trade movements probably approximated the value of the annual trade contracts. It seems likely therefore that between 1950 and 1953 the barter trade contracts increased in about the proportions reported.

4. Imports and Exports

The Chinese Communists announced that in 1952 and 1953 their trade was "essentially" in balance. No trade balance was reported for 1954, but although imports were reported to have increased slightly more than exports this should have caused no great change in the balance of trade. An analysis of the trade balance by individual political areas suggests that the trade was approximately in balance, with a large export surplus to the Asian

satellites offset by import balances with the European satellites and with non-Bloc countries.

Communist China's trade with non-Bloc countries - after subtracting transshipments and re-sales apparently regarded as trade with the Bloc - was made up of approximately $293 million of imports plus $207 million of exports (see footnotes to table 3 on page 19 for explanation of the adjustments; see also Section II, A, 3, p. 13 ff). Although no Communist statements have been made regarding the balance of trade with the USSR, this is estimated to have been in approximate balance as in previous years (i.e., at $625 million each way). In 1952 the USSR was reported by the Chinese Communists to have accounted for 51 percent of the imports and 54 percent of the exports, suggesting an export balance of about $10 million; while in 1953 the USSR was said to account for 55 percent of exports, and 56 percent of total trade suggesting an import balance of about $20 million. In 1954 Communist China began annual repayments of $30 million on the 1950 Soviet loan, and may on this account have actually had a small export balance in its trade with the USSR.

No specific announcements on the 1954 balance of trade between Communist China and the European Satellites have yet been made by Communist spokesmen. It is believed however, that in previous years, the Chinese had run an export balance with the Satellites since there were repeated reports from high-level defectors that deliveries from the European Satellites were lagging seriously behind committments. These reports have been corroborated by a Chinese Communist announcement that in 1953 under-deliveries by the European Satellites held imports to 97 percent of plan while

overfulfillment of planned imports from other areas. It is believed that in 1954 Satellite deliveries were making up for this earlier imbalance and exceeded shipments in the other direction. For example, the East German 1954 trade data obtained by agent reports show an excess of $25 million in East German exports to Communist China over imports. The split into $310 million of imports and $240 million of exports includes a very large arbitrary element, but it is believed representative of the probable pattern of this trade.

Trade with the Asian Satellites was characterized by a $156 million excess of deliveries by the Chinese Communists. This imbalance represents, primarily, $130 million of grant aid to North Korea and an estimated $25 million of military aid to Viet Minh.

Total Communist Chinese exports in 1954 would accordingly have about equalled total imports at approximately $1,250 million each way - with the breakdown by both the origin and final destination, and by apparent Chinese reckoning approximately as follows:

Table 1

Communist China's Estimated Imports and Exports, 1954 a/

	Millions of US Dollars As Apparently Regarded by the Chinese Communists b/		Millions of US Dollars By Estimated Actual Origin and Final Destination of Commodities b/	
	Imports	Exports	Imports	Exports
USSR	$ 625	$ 625	$ 625	$ 615
European Satellites	310	240	280	160
Asian Satellites	22	178	22	178
Non-Bloc Countries	293	207	323	297
Total	$ 1,250	$ 1,250	$ 1,250	$ 1,250

a. The imports and exports shown here by geographic areas involved in the commodity movements do not in every case reflect the actual balances of trade with these same areas. This difference results from the fact that for about $90 million of Communist Chinese exports resold by the Soviet Union and the European Satellites to Western countries charges are made by Communist China to these Bloc countries of original purchase and not to the final Western recipients of the goods.

b. The differences between the figures given in the two double columns of this table are explained as follows:

USSR: Exports from China to the USSR included some $10 million worth of goods eventually re-exported by the USSR to Western countries.

European Satellites: In addition to $280 million worth of European Satellite goods imported by China, $30 million worth of Western goods shipped to China, and sold to the Communist Chinese by Western exporters, were transshipped via European Bloc ports and have apparently been treated in Chinese Communist announcements as trade with the European Satellites. Furthermore, exports from China included some $80 million worth of goods re-exported by the European Satellites to Western countries.

Non-Bloc Countries: The estimated value of goods of Western origin imported by Communist China is $323 million while the estimated value of Chinese exports whose final destination was the Free World is $297 million. Within these estimates are the $30 million of transshipped imports and the $90 million ($80 million of European Satellite and $10 million of USSR) of resales discussed above.

B. Trade with Bloc Countries

The Chinese Communists have made no specific announcements regarding the proportionate shares of the USSR, the European Bloc countries, and the Asian Bloc countries in total 1954 trade. Fragmentary information released by all Bloc countries concerning this trade, however, permits an estimate of the approximate distribution of Chinese trade with these three Bloc areas.

1. Trade with Asian Satellites

Trade with the Asian Satellites in 1954 is estimated at $200 million, including that financed by grant aid of $130 million to North Korea, and of $25 million to the Viet Minh, plus barter trade of $30 million with North Korea, $10 million with the Viet Minh, and $5 million with Outer Mongolia.

The Chinese Communists reported that grant aid to North Korea in 1954 totalled $130 million. They also reported the tonnages of basic commodities shipped under this program, which at world prices would account for about half of this value. It is uncertain whether the balance of the indicated value represents shipments of additional goods, provision of services, or inflated prices for the enumerated basic commodities.

Barter trade with North Korea is estimated at close to $15 million in each direction, based on a statement that electric power constituted the major portion of the imports from North Korea. The value of this item is estimated at about $10 million, and other imports are roughly estimated at another $5 million.

It is presumed that the barter exports probably balanced the barter imports.

Grant aid shipments to Viet Minh are roughly estimated on the basis of intelligence reports of the tonnage and nature of the shipments at $25 million. The barter trade is not believed to have been large, and is estimated at $5 million in each direction.

Barter trade with Outer Mongolia is estimated at a nominal $5 million. A barter trade agreement was signed with Outer Mongolia, and the trade was said to be expanding, but its total value is believed to be small.

c. Trade with European Satellites

Trade with the European Satellites as regarded by the Chinese Communists is estimated at about $550 million or 22 per cent of the total trade. This is roughly consistent with the 1954 Chinese announcement* that trade with the European Satellites was about one-fifth of total trade. Within this total it is estimated that East Germany and Czechoslovakia each accounted for $175 million, Poland and Hungary for $80 million each, and Rumania and Bulgaria for $20 million each. The estimate of East German trade with Communist China has been obtained from covert reports giving East German trade data. Czechoslovakia's trade with Communist China, which in 1953 was reported by the Chinese

* Including Western imports transshipped via Gdynia and also Chinese exports to the European Satellites regardless of whether or not these were resold, in turn, to the west.

Communists to have been the largest trade with any of the European Satellites and to have accounted for 29.5 percent of the total trade with the European Satellites, is estimated to have been as high as the East German trade in 1954. The remaining trade has been roughly allocated according to other announcements of the annual barter trade agreements. It is believed that the increased trade with the European Satellites is attributable partly to shipments of underfulfilled 1953 commitments (see Section II, A, 4, p. 17).

3. Trade with the USSR

The estimated level of total trade with the Bloc and the estimates of the trade with the Asian and European Satellites leave trade with the USSR at about $1,250 million, or 50 percent of total trade. The fact that the Chinese Communists did not announce the proportion of trade with the USSR in 1954, in contrast to previous years, suggests that this proportion probably declined from the 56 percent reported for 1953. A preliminary Chinese statement that trade with the Soviet Union increased 26 percent in 1954 is inconsistent with all other available data and may refer to changes in the trade contracts made under annual barter agreements rather than to actual deliveries. Commodity details of this trade are discussed in Section III, p. 52 ff.

[redacted]

a. Total trade

Free World trade with Communist China in [illegible] as reflected in the published statistics of non-Bloc countries, is estimated at $273 million of Chinese imports and $297* million (rounded up) of Chinese exports. In addition, intelligence data indicate that Communist China imported from the Free World some $50 million of imports not included in the published trade statistics of non-Bloc countries. The total trade of Communist China with the Free World is therefore estimated at $620 million, made up of $323 million of Chinese imports plus $297* million (rounded up) of Chinese exports.

As shown above (section II, A, p. 9 ff.) however, Chinese Communist trade announcements appear to indicate a trade with the Free World of only $500 million. This difference of $120 million is similar to that found in 1953 and (as explained in EIC-R1-53, pp. 11-13) is believed to result largely from the Chinese Communists' regarding [illegible] with the Bloc (a) an estimated $30 million of imports identified by intelligence data as originating in non-Bloc countries but transshipped to Communist China via other Bloc countries, and (b) certain Chinese Communist exports, originally sold to other Bloc countries, but later resold and shipped, often directly, to non-Bloc countries - most of which record imports by country of origin and would therefore list such shipments as imports from Communist China. It is roughly estimated that such resales of Chinese products to non-Bloc countries

* Figures available as of June 1955 support a tabulation of $296 million in Table 7, p. 45 ff. It is anticipated that the final total will be at least $297 million and this figure is used throughout this report.

amounted to $90 million. (For example, Western Germany recorded $37 million of imports of Chinese origin but only $1 million of imports where Communist China was listed as the country of payment.)*

2. Imports

a. Recorded Imports

The recorded value of Communist Chinese imports from non-Communist countries in 1954 was $273 million (see Table 4, pp. 25-27) as compared with $280 million in 1953 and $250 million in 1952. The level of imports was relatively stable between the first and second halves of the year, in contrast to 1953 when nearly 60 percent of recorded imports were received in the first half of the year.

* It is also probable that the adjustments for shipping and overlapping reporting which have been made in the recorded trade data of non-Communist countries are subject to some errors. Other sources of possible discrepancies include the following: (1) The Chinese Communist method of declaring the value of shipments for customs purposes is not clear, and to the extent that it differs from Western procedures may introduce a bias. (2) Variations in recording practices between the non-Communist world and Communist China (as well as in recording practices within the non-Communist world) may introduce some errors. For example, parcel post shipments to Communist China have at times been relatively important, but some non-Communist countries exclude them while others include them in their customs' records. (3) Varied practices in respect to bunkers, fish catches, private gift parcels, intra-company shipments, and several other items may also lead to slight differences in recording of trade.

TABLE 4

VALUE OF RECORDED[a]/ CHINESE COMMUNIST IMPORTS FROM NON-COMMUNIST COUNTRIES, 1954

Thousands of US Dollars

Country	1954 Jan-Jun	1954 Jul-Dec	1954 Total	1953 Total
Europe and Western Hemisphere[b]/				
Argentina	$ 445[c]	$ 1,050[c]	$ 1,495[c]	insig.
Austria	113	332	445	insig.
Belgium-Luxembourg	236	190	426	1,303
Brazil	2,191	747	2,938	472
Denmark	154	31	185	331
Finland	2,282	1,108	3,390	8,036
France	5,120	3,259	8,379	13,652
West Germany	9,645	10,909	20,554	21,972
Italy	1,770	3,515	5,285	5,517
Netherlands	923	642	1,565	3,275
Norway	19	9	28	2,493
Sweden	342	290	632	2,972
Switzerland (c.i.f.)	2,508	1,577	4,085	11,295
United Kingdom	7,992	10,178	18,170	20,916
United States	4	2	6	0
Canada	0	47	47	0
10% adjustment for c.i.f. (except Switzerland)	3,123	3,231	6,354	8,093
Subtotal	$ 36,867	$ 37,117	$ 73,984	$ 100,327

(See footnotes next page.)

TABLE 4 (Continued)

VALUE OF RECORDED[a]/ CHINESE COMMUNIST IMPORTS FROM NON-COMMUNIST COUNTRIES, 1954

Thousands of US dollars

Country	1954 Jan-Jun	1954 Jul-Dec	1954 Total	1953 Total
Near East, Asia, and Oceania[b]				
Australia	$ 1,396	$ 2,025	$ 3,421	$ 4,974
Ceylon	19,324	29,105	48,429	53,181
Egypt	8,905	2,484	11,389	10,403
Hong Kong	31,428	35,726	67,154	90,103
India	3,100[d]	2,698[d]	5,798[d]	2,370
Indonesia	156	858	1,014	28
Japan	4,670	14,439	19,109	4,543
Malaya	2,687	3,874	6,561	1,724
Burma	3	19	22	
Pakistan	26,189	0	26,189	3,555
5% adjustment for c.i.f.	4,893	4,562	9,455	8,544
Subtotal	$ 102,751	$ 95,790	$198,541	$179,425
Total	$ 139,618	$132,907	$ 272,525	$279,752

a. As derived from published statistics of the non-Communist countries concerned.

b. Figures for countries of Western Europe and the Western Hemisphere are based on the assumption of a 2-month voyage. They represent recorded exports for November 1953 through October 1954. Figures for Egypt, India, Indonesia, Pakistan, Malaya, Australia, and Ceylon are based on the assumption of a 1-month voyage, i.e., they represent recorded exports for December 1953 through November 1954. Figures for the remaining countries are exports for the months shown on the table. All statistics are converted at the official exchange rates, except Hong Kong figures which [illegible] during the first half and 0.1711 during the second half.

TABLE 4 (Continued)

VALUE OF RECORDED CHINESE COMMUNIST IMPORTS FROM NON-COMMUNIST COUNTRIES, 1954

Footnotes continued.

c. Trade returns cover a semi-annual period without a monthly detailed breakdown and the system of differential rates of exchange used by Argentina prevents an accurate assessment of the value of trade. Furthermore, it is believed that Argentina reports trade with Hong Kong and Taiwan as a part of the total trade with China. The above estimate, based on commercial reports and shipping information, was obtained as follows:

	Thousands of US Dollars		
	Jan-Jun	Jul-Dec	Jan-Dec
Exports from Argentina (according to trade returns)	753	4,894	5,647
Imports to China:	445	1,050	1,495
Leather	6		6
Quebracho extract @ $135 per ton)	267	270*	537
Grain (@ $100 per ton)		780**	780
Other (residual)	172	n a	172
Imports to Hong Kong	283	1,536	1,819
Imports to Taiwan	25	5	30
Residual presumably which would not reach Asia in 1954		2,303	2,303

d. Includes $2,215,000 worth of imports into Tibet during the period January-June, and $1,232,000 during the period July-December. (Source unpublished official statistics.)

TABLE 4a

VOLUME[a] OF RECORDED CHINESE COMMUNIST IMPORTS FROM NON-COMMUNIST COUNTRIES, 1954

(In metric tons)

Country	Jan-Jun	Jul-Dec	Total
Western Europe			
Austria	135	600[p]	735[p]
Belgium-Luxembourg	1,140	766	1,906
Denmark	70	30	100
Finland	10,100	4,600	14,700
France	67,682	13,064	80,746
West Germany	19,000	33,440	52,440
Italy	953	11,468	12,421
Netherlands	9,800	1,300	11,100
Norway	insig.	insig.	insig.
Sweden	700	700[p]	1,400[p]
Switzerland	250[b]	250[b]	500[b]
United Kingdom	6,400	7,100	13,500
Subtotal	116,230	73,318	189,548
Western Hemisphere			
Argentina	1,964[c]	9,800[c]	11,764[c]
Brazil	3,500	1,300[p]	4,800[p]
Subtotal	5,464	11,000	16,564
Near East, Oceania, South and Southeast Asia			
Australia	480	700[p]	1,180[p]
Ceylon	28,353	45,523	73,876
Egypt	7,403	2,283	9,686
India	1,000[d]	2,000[d]	3,000[d]
Indonesia	565	5,008	5,573
Malaya	7,474	13,173	20,647
Pakistan	34,109	0	34,109
Subtotal	79,584	68,487	148,071
Japan	23,117	113,878	136,995
Hong Kong	166,406	200,000[p]	366,406
Total	390,901	466,683	857,584

TABLE 4a (continued)

Footnotes

a. As derived from the trade statistics of the trading partner with time allowance for shipment to China. Precise information on the total volume of exports to Communist China is available for Belgium-Luxembourg, France, West Germany, Italy, the Netherlands, Ceylon, Egypt, Indonesia, Malaya, and Pakistan. For other reporting countries published tonnages have been used where given in the statistics. For commodities reported by value only the tonnages have been estimated from the published value figures.

b. Estimated exports from Switzerland to Communist China from a total of 1,030 tons in the first half and 1,470 tons in second half going to Hong Kong and Communist China.

c. Compare c to Table 4. The commodity breakdown is as follows, in metric tons:

	1st half year	2nd half year
Leather	1	--
Quebracho extract	1,963	2,000
Grain	--	7,800

d. Estimated seaborne.

p. Preliminary estimate.

Despite the decline in the value of recorded imports, their volume increased to about 858,000 tons, as compared with 692,000 tons in 1953 and 497,000 tons in 1952. (See Table 4a, pp. 28-29). This increased tonnage resulted from an increase in the import of bulky products, such as fertilizer and heavy chemicals, and a reduction in those of high value per ton, such as drugs and pharmaceuticals.

During 1954 Communist China's direct recorded imports from the Western Hemisphere were minor, although above the negligible 1953 and 1952 levels, principally because of small imports from Brazil and Argentina. The value of direct imports from Western Europe and Hong Kong declined in both cases by about one-quarter from 1953, while imports from Pakistan, Japan, and Malaya increased in value sharply over 1953 levels.

Direct imports from Western Europe constituted about one-quarter of the total value, made up about two-fifths (in value) of chemical products (fertilizers, dyes, drugs and industrial chemicals), one-fifth of metals and manufactures, and two-fifths of miscellaneous items such as wool, rayon, and paper. Direct imports from Hong Kong also constituted about one-quarter of the total (see Table 5, p. 31) as compared with about one-third in 1952 and 1953. Over 80 percent of these, by value, were chemical products, mostly fertilizers. Imports from Japan, also consisting primarily of chemical products, amounted to 8 percent of the

Table 5

COMMODITY COMPOSITION OF RECORDED COMMUNIST CHINESE IMPORTS FROM HONG KONG (Value), 1954

Commodity Category	Thousands of US Dollars*		
	Jan-Jun	Jul-Dec	Total
Edible fats and oils	95	189	284
Other foods, beverages, and tobacco	145	170	315
Wool	10	189	199
Other agricultural raw materials	1,213	2,344	3,557
Dyeing, tanning, and coloring materials	9,486	10,747	20,233
Medicines and pharmaceutical products	5,346	4,655	10,001
Chemical fertilizers	8,554	10,486	19,040
Other chemicals	2,736	3,504	6,240
Manufactures of rubber, wood, and paper	133	160	293
Textile manufactures	1,065	661	1.726
Building materials and non-metallic mineral manufactures	94	114	208
Metal manufactures	620	354	974
Electrical machinery, apparatus, and appliances	445	302	747
Textile machinery	77	623	700
Transport equipment	37	55	92
Other machinery	185	127	312
Professional, scientific, and controlling instruments and photographic and optical goods	1,041	1,005	2,046
Miscellaneous manufactures	146	42	188
Subtotal	31,428	35,727	67,155
5% adjustment for c.i.f.	1,572	1,786	3,358
Total	33,000	37,513	70,513

total value. The remaining imports were primarily raw materials imported from South Asia and the Near East. Imports of rubber from Ceylon accounted for nearly 20 percent, raw cotton from Pakistan and Egypt for 15 percent, and coconut oil from Malaya for about 3 percent of the value of total imports.

It is believed that Communist China has been purchasing some commodities in non-Bloc countries and reselling them to other Bloc countries. Rumors in rubber trade circles that Communist China planned to sell to the USSR during 1954 a significant part of her rubber imports from Ceylon appear credible in view of the large imports of rubber by Communist China in comparison with its estimated requirements and considering the insignificant imports of rubber from non-Bloc sources by other Bloc countries during 1954. Similarly, Communist China's imports of coconut oil from non-Bloc countries appear to have been considerably in excess of needs, and reported cotton sales exceeded identified shipments reaching China, suggesting possible resales of these commodities to other Bloc countries. Although these transactions are only a relatively minor part of total trade, their inclusion in Communist China's imports and exports inflates total trade turnover to that extent.

As compared with 1953, the major shift in the composition of Communist China's recorded imports from non-Communist countries has been the sharp reduction of capital goods imports and a corresponding expansion of raw material imports, particularly raw cotton and chemicals.

Imports of drugs have also declined from the abnormally high

S-E-C-R-E-T

Table 6

ESTIMATED COMMODITY COMPOSITION OF RECORDED CHINESE COMMUNIST IMPORTS FROM NON-COMMUNIST COUNTRIES 1950-54

(Value Expressed in Millions $U.S.)

	1950		1951		1952		1953		1954	
	Value	Percent	Value	Percent	Value	Percent	Value	Percent	Value	Percent
Cotton	$ 95	23%	$ 41	9%	$108	43%	$ 16	6%	$ 42	16%
Rubber	61	15	110	25	23	9	54	19	47	17
Drugs	20	5	25	5	25	10	40	14	20	7
Other Chemicals	35	8	65	15	40	16	55	20	80	29
Metals, Machinery & Equipment	125	30	110	25	20	8	70	25	25	9
Other	78	19	93	21	34	14	45	16	59	22
TOTAL	$414	100%	$444	100%	$250	100%	$280	100%	$273	100%

S-E-C-R-E-T

level of 1953 to approximately the level of previous years. The principal shifts that have taken place in Communist China's recorded imports from non-Communist countries since 1950 may be noted in the following estimates of the commodity composition of these imports, by value, over the past five years. (Table 6 on p. 33 to follow in printed version.)

b. Unrecorded Imports

(1) Types of Unrecorded Imports

Evasions of COCOM and other official controls most commonly take the form of false declarations of ultimate destination, thus facilitating the shipment of controlled goods to Communist China by circuitous routes. When controls are circumvented or evaded in this manner, the exports involved are not identified in the trade statistics of the country of origin as exports to Communist China.

In Western Europe this form of evasion most frequently takes place through the export of controlled goods to a free port where transshipment is not controlled, followed by reconsignment to Gdynia, where in turn the goods are transferred to a Soviet Bloc flag or chartered ship loading for China. In such cases, the original export from the country of origin to the country of transshipment is ordinarily authorized on the explicit understanding that the latter country, or some other friendly country is to be the final destination. At the port of transshipment, however, these goods are taken over by firms specializing in the re-direction of controlled goods to Poland.

In some cases these indirect shipments are facilitated by the intervention of a trader in a third country, who may finance the transaction - buying from the country of origin and selling to China - without himself handling the goods. The goods are exported from the country of origin ostensibly for the intermediary, but actually consigned to a transshipment firm in a free port which will forward them, at the intermediary's request, to Poland in transit for China.

In other cases, goods have been consigned from non-Communist exporting countries directly to Poland, whence they were re-directed to China. This technique is of course applicable only to goods which are not embargoed by the exporting country for shipment to European countries of the Bloc. In these cases the Polish port may serve merely as the point of transshipment, or the Poles may actually import the goods for later re-export to China. There is clear evidence that circumvention of controls by such transshipment in Polish ports is practised on a substantial scale. The extent to which Bloc countries actually import goods from the West for later re-export to China cannot be assessed.

The techniques described above are used principally in North Sea ports. There is some evidence they are also being used in Mediterranean ports and that similar devices are in use for overland shipments to China from Switzerland via Czechoslovakia, and from Western Germany via Eastern Germany.

A special case of the use of an intermediate destination is that of Macao. Controlled goods from Western Europe are consigned to this colony on the strength of Macanese certificates that they are required for use there. It is known, however, that large quantities of such goods are in fact transshipped or re-exported to Communist China.

Other devices in use for the circumvention of controls include: false, inadequate, or misleading description of goods destined for Communist China; false declarations of destination by vessels sailing for Communist China; and local smuggling. There have also been reports (thus far unconfirmed as regards trade with Communist China) of the use of fraudulent import certificates and of multiple bills of lading.

(2) Re-exports of Western Imports by Soviet Bloc Countries

The Soviet Union and its European Satellites probably acted in 1954 (as in former years) as, in effect, agents for Communist China by procuring and then re-exporting Western industrial products - thus taking advantage of the difference in scope between Western export controls against China and those against the European countries of the Bloc. There is still no evidence, however, by which to gauge the scale of such re-export traffic, which the Chinese in their published statements presumably regard as part of their trade with the Bloc. Accordingly, no allowance is made for

such re-exports in our estimates of Communist China's imports from the West.

(3) Transshipments of Western European Commodities through Soviet Bloc Countries

The trade return of Western European countries show recorded exports to Communist China in 1954 of $1.6 million of iron and steel (roughly 20,000 tons) and $1.6 million (1,800 tons) of other commodities apparently in controlled categories. These quantities were presumably shipped under exception procedures of the COCOM regulations. These figures compare closely with cargo data indicating that 22,000 tons of iron and steel and 1,500 tons of the other commodities in question arrived in Communist China in 1954 directly from Western European ports.

On the other hand, both financial data from London and intelligence on ship cargoes indicate that substantial additional amounts of iron and steel and of other goods in controlled categories were sold and shipped to Communist China but were not so recorded in the trade returns of Western European countries. London financial data indicate that $17.7 million of iron and steel and $5.3 million of other goods in the CHINCOM list were financed through London for shipment to China. Cargo estimates based on the general composition of all cargoes and the known origins of over half the cargoes indicate that at least 95,000 tons of iron and steel and some 16,000 tons of other commodities in controlled categories represented goods of Western European origin which were transshipped to China via Eastern European ports during 1954.

These tonnages accordingly appear to represent unrecorded 1954 imports of Communist China from Western Europe. On the basis of estimated average prices these unrecorded 111,000 tons are valued at $30 million, made up of $16 million for iron and steel plus $14 million for other commodities in controlled categories. Nearly all of the estimated iron and steel plus about one-third of the other commodities appear to have been financed through London.

(4) Unrecorded Trade from Hong Kong

There is still no firm intelligence on the volume of smuggling from Hong Kong to Communist China by small craft and overland, either directly or via Macao. Such smuggling continues to be significant, but the declining trend observed in 1953 is believed to have continued in 1954.

The main indication of a decline in smuggling is the evidence that the Chinese Communists in 1953 and 1954 have progressively limited the range of commodities for which they were willing to pay smuggling premiums, and in general have reduced the magnitude of the smuggling premiums offered. During 1954 smuggling premiums were offered at intervals, suggesting that except for emergency needs

the Chinese Communists are withdrawing from the Hong Kong market for procurement of controlled materials.

This development does not appear unusual, for it appears that the Chinese Communists have obtained alternative and less expensive sources for controlled materials in the substantial transshipment of Western European goods via European Bloc countries and in the rise of non-military imports from Bloc countries. Moreover, in 1954 controls in Hong Kong were not relaxed, and their enforcement may well have become more effective owing to the accumulated experience and expanded facilities of the enforcement agencies. 25X1C

The estimates of the volume of smuggling [redacted] 25X1C [redacted] are 6,000 tons and 8,000 tons respectively, as compared with the estimate of 10,000 tons in 1953. Recognizing the difficulty of making a precise estimate of the tonnage smuggled, it is agreed for present purposes to use an estimate of 7,000 tons valued somewhat arbitrarily at $5 million to represent the scale of smuggling from Hong Kong to Communist China in 1954.

(5) Unrecorded Trade from Macao

There are no published official trade statistics on Macao's exports to China in 1954, but these exports consisted mainly of: (1) the re-export of strategic cargoes of Portuguese vessels declared for and arriving at Macao from Western Europe; (2) the re-export of strategic cargoes received from Hong Kong

whether as Hong Kong exports or as transshipments via Hong Kong on through bills of lading; (3) Macao's exports and re-exports of goods of a non-strategic nature; and (4) commodities smuggled from Hong Kong through Macao to Communist China. Macao's exports to Communist China are here estimated on the basis of only the first three of the above categories, since the fourth has already been included in the immediately preceding section under smuggled imports from Hong Kong.

On the basis of available evidence, it is estimated that in 1954 Macao exported to Communist China almost 20,000 tons* of cargo valued at $10 million. This estimate is based on the following calculations:

1. Direct imports to Macao on Portuguese vessels of Western European commodities clearly intended for re-export to Communist China decreased sharply in 1954 as compared to 1953. The Portuguese vessels, "India," "Rovuma," and "Timor" made a total of four voyages to Macao, none after July 1954, in which they carried strategic cargo from continental Western European ports. The vessels carried the following goods:

*This tonnage is also supported by independent local estimates that an average of 1,700 tons per month moved from Macao to China.

whether as Hong Kong exports or as transshipments via Hong Kong on through bills of lading; (3) Macao's exports and re-exports of goods of a non-strategic nature; and (4) commodities smuggled from Hong Kong through Macao to Communist China. Macao's exports to Communist China are here estimated on the basis of only the first three of the above categories, since the fourth has already been included in the immediately preceding section under smuggled imports from Hong Kong.

On the basis of available evidence, it is estimated that in 1954 Macao exported to Communist China almost 20,000 tons* of cargo valued at $10 million. This estimate is based on the following calculations:

1. Direct imports to Macao on Portuguese vessels of Western European commodities clearly intended for re-export to Communist China decreased sharply in 1954 as compared to 1953. The Portuguese vessels, "India," "Rovuma," and "Timor" made a total of four voyages to Macao, none after July 1954, in which they carried strategic cargo from continental Western European ports. The vessels carried the following goods:

*This tonnage is also supported by independent local estimates that an average of 1,700 tons per month moved from Macao to China.

Commodity Group	Tons
Instruments, bearings, electronic valves, spare parts for vehicles	50
General industrial equipment	1,850
Iron and steel	1,500
Non-ferrous metals	4,700
Chemicals	2,400
Other	500
Total	11,000

Some of the above cargo is believed not to have reached Communist China. Nearly 1,000 tons of this cargo were known to be still in storage in Macao late in the year, part of which may have been included in some 3,000 tons of strategic goods reported to have been re-exported to Hong Kong. For the four voyages, therefore, it is estimated that 9,000 tons of strategic cargo carried on Portuguese vessels from Western Europe were re-exported to Communist China. The value of these re-exports is estimated at $7 million.

2. (a) Hong Kong's recorded exports to Macao in 1954 totaled 50,000 tons valued at approximately $11 million. Of these exports, strategic goods such as metals, petroleum, machinery and electrical equipment amounted in value to $1.3 million and in volume to 2,000 tons. About half of Hong Kong's recorded exports of strategic goods to Macao may have reached Communist China, and these re-exports from

Macao are assessed at approximately 1,000 tons of metals, petroleum, machines and equipment valued at something under $1 million.

(b) In 1954 Macao increased tenfold its imports of cargo transshipped through Hong Kong on through bills of lading. This cargo was principally foodstuffs, but included some strategic goods such as copper wire bars, bearings and chemicals from Western Europe. Information from Hong Kong indicates that 1,300 tons of strategic goods were transshipped to Macao by this method in 1954, and it is believed that all of this tonnage was re-exported to Communist China during the year. The value is roughly assessed at $1 million.

3. Macao's exports of non-strategic goods to China were principally rice, fertilizer and miscellaneous consumer goods. The volume and value of these exports are estimated, on the basis of official, unpublished information from Macao, partially supported by intelligence on junk traffic, to have been approximately 7,000 tons and $1 million.

(6) Rubber from Southeast Asia

One unrecorded shipment of 6,000 tons of rubber valued at $3.3 million from Indonesia to Communist China on a Bloc vessel is known to have occurred in 1954. This shipment was ostensibly exported to another destination but was actually delivered to Communist China. There is no reliable evidence of other unrecorded shipments of rubber to Communist China, although some small shipments may have occurred. In view of the fact that additional supplies of rubber

were available to Communist China from Ceylon and that rubber exports to European Bloc countries were not restricted, it is highly unlikely that the Chinese Communists would have obtained significant supplies of rubber through generally higher-cost smuggling channels.

(7) All Other

In previous years agreed allowances have been made for the possibility of other unrecorded imports - particularly by sea routes from nearby Pacific Islands or from Southeast Asia. Although accurate assessment of the extent of such unrecorded traffic in 1954 is not possible, it is believed that sufficient account has already been taken of most of the kinds of unrecorded trade for which an additional over-all allowance was made in previous years. The principal indication of other specific tonnages in 1954 is a single report that a cargo of coconut oil which had been recorded as shipped to a non-Bloc destination may have later been diverted to China. Accordingly, it is estimated that any such other movements are reasonably covered by "rounding up" the agreed total unrecorded trade estimate to approximately 150,000 tons valued at $50 million.

Summary of Communist China's Unrecorded Imports in 1954 (Estimated)

	Metric Tons	Million U.S. Dollars
From Western Europe	111,000	$30
From Hong Kong	7,000	5
From Macao	18,000	10
Rubber from Southeast Asia	6,000	3
All other unrecorded trade	8,000 (app.)	2
Total unrecorded trade	150,000 (app.)	$50

3. Exports

Communist China's exports* to non-Communist countries in 1954 appear from the import statistics of the various non-Bloc countries to have been $297 million,** as compared with $323 million in 1953 and $270 million in 1952. (See Tables 7 and 7a, pp. 45-50). Exports to Western Europe and the Western Hemisphere declined from $110 million in 1953 to $88 million in 1954, accounting for most of the over-all decrease. As to the rest of the Free World the value of exports to Ceylon, Malaya, and Hong Kong (see Table 8, p. 51) also dropped in 1954 as compared with 1953, but this drop was largely offset by increased exports to Japan and French Morocco.

* The import statistics of most Western countries are given by country of origin, and in many cases commercial transactions through intermediary countries are not reflected in the statistics. It is known that shipments from Communist China to continental Western European ports frequently involve a sale by Communist China to a European Satellite, followed by re-sale to the western importer. Therefore, while the figures quoted above are thought fairly accurately to represent the amount of Communist China's export trade with the West, the Chinese Communists probably regard a substantial proportion of their exports to Western Europe as trade with the Satellite members of the Soviet Bloc.

** This total is derived mainly from published statistics but also includes (1) $1 million for exports of coal to Pakistan known to have taken place on a government-to-government basis but not yet shown in Pakistani statistics, and (2) $5.5 million for exports to Macao, from unpublished official Macanese returns. (Figures available as of June 1955 support a tabulation of $296 million in Table 7, p. 45 ff. It is anticipated that the final total will be at least $297 million and this figure is used throughout this report.) Not included are exports from Communist China to the Free World countries not recorded in trade returns of the latter, consisting primarily of narcotics for which Communist China may have obtained foreign exchange of some $10 million.

TABLE 7

VALUE OF RECORDED[a]/ CHINESE COMMUNIST EXPORTS TO NON-COMMUNIST COUNTRIES, 1954 and Comparative 1953

Thousands of US Dollars

Country	1954 Jan-Jun	1954 Jul-Dec	1954 Total	Comparative 1953 Total[c]/
Europe and Western Hemisphere[b]/				
Colombia	$ 200	$ 110	$ 310	Insig.
Canada	1,090	451	1,541	1,489
United States	99	71	170	595
Austria	197	681	878	Insig.
Belgium-Luxembourg	1,377	681	2,058	6,515
Denmark	6	24	30	1,943
Finland	1,549	1,404	2,953	1,956
France	4,590	4,382	8,972	11,422
West Germany	17,598	20,090	37,688	32,745
Italy	641	1,541	2,182	6,564
Netherlands	3,288	3,000	6,288	13,995
Norway	873	1,566	2,439	3,445
Sweden	502	600	1,102	1,871
Switzerland	4,733	5,866	10,599	16,319
United Kingdom	10,405	15,259	25,664	30,075
15% adjustment for c.i.f. (except for the U.S. and Canada)	-6,894	-8,281	-15,175	-19,027
Subtotal	$ 40,254	$ 47,445	$ 87,699	$109,907

TABLE 7 (continued)

Thousands of US Dollars

Country	1954 Jan-Jun	1954 Jul-Dec	1954 Total	Comparative 1953 Total a/
Near East, Asia and Oceania b/				
Australia	$ 1,934	$ 1,940	$ 3,878	$ 4,479
New Zealand	326	300	626	[illegible]
Burma	257	49	306	[illegible]
Ceylon	25,891 c/	16,369	32,260	41,764
Egypt	339	479	818	666
French Morocco	5,915	5,500	11,415	9,755
French West Africa	573	583	1,156	n.a.
India	2,178	2,744 d/	4,922 d/	1,907
Indochina	4,081	4,300	8,381	7,297 e/
Indonesia	1,814	2,414	4,228	2,184
Japan	18,104	22,666	40,770	29,695
Macao	2,771 f/	2,771 f/	5,542	10,000
Malaya	14,559	14,549	29,108	33,401
Pakistan	727	648	1,375	3,595
Philippines	483	500	983	2,075
Taiwan	1,819	1,601	3,420	5,780
5% adjustment for c.i.f. except for the Philippines	-3,554	-3,846	-7,400	-7,355
Subtotal	$ 68,198	$ 73,573	$ 141,771	$ 141,827
Hong Kong	22,500 g/	44,200 h/	66,700 h/	71,461 h/
Total	$ 130,952	$ 165,218	$ 296,170 i/	$ 323,198

(Footnotes next page)

a. As derived from published statistics of the [illegible] concerned. Estimates for the second half which are based on [illegible] data are as follows: (1) from five-month data — [illegible], Sweden, French Morocco, [illegible], and [illegible]; and (2) [illegible] month data — the Philippines.

b. Figures for countries of Western Europe and the Western Hemisphere are based on the assumption of a two months' voyage. They represent recorded imports for March 1954 through February 1955. Figures for Hong Kong, the Philippines, Japan, Taiwan, and Indonesia are recorded imports for the months shown in the table. Figures for the remaining countries are based on a one-month voyage, or imports for February 1954 through January 1955.

c. Finalized and revised on the basis of information available after publication of EIC-R[illegible].

d. Sugar imports from Taiwan amounting to [illegible] were deducted from 2nd half imports from China as reported in Ceylon's trade statistics.

e. Includes India's imports from Tibet which are reported by fiscal year periods.

f. Imports for June 1954 were estimated at $[illegible] in the absence of an official report for that month.

g. The value of the year's reported exports was divided equally between the two half-years in the absence of published information on such a breakdown.

h. A deduction has been made from Hong Kong's recorded imports from Communist China to eliminate duplication resulting from the fact that many countries (all listed countries except the UK, Belgium, Canada, Netherlands, Egypt, France, Australia, and the Philippines) record imports from Hong Kong of Chinese origin as imports from China. In these cases, goods exported by Communist China are recorded as imports both by Hong Kong and the country of destination. During 1954 the amount of this deduction is estimated as follows:

Table 7 (continued)

(Footnote 4 continued)

	Millions of US dollars		
	[illegible]	[illegible]-Dec	Total
Hong Kong's total imports from Communist China	$ 52.3	$ 66.5	$ 118.8
Less: Estimated re-exports recorded in import data of other countries as imports from China			
Taiwan	1.8	1.6	3.4
Japan	11.6	6.1	17.7
Malaya	7.1	6.5	13.6
Indochina	1.6	1.4	3.0
Indonesia	1.3	0.9	2.2
Other	6.4	5.8	12.2
Total deduction	29.8	22.3	52.1
Hong Kong's retained imports from Communist China and re-exports not recorded in import data of other countries as imports from Communist China	$ 22.5	$ 44.2	$ 66.7

An inspection of the trade returns in 1953 indicated that about one-half of Hong Kong's imports from China were re-exported to countries which report on a country of production basis.

1. Total as of June, 1955. It is anticipated that the final figures will total at least $297 million and this figure is used throughout this report.

VOLUME OF RECORDED CHINESE COMMUNIST EXPORTS TO NON-COMMUNIST COUNTRIES, a/ 1954

Table 7

(In metric tons)

Western Europe	Jan-Jun	Jul-Dec	Total
Austria	570	1,000	1,570
Belgium-Luxembourg	3,200	2,400	5,600
Finland	11,000	11,000	22,000
France	13,000	4,800	17,800
West Germany	60,500	30,000	90,500
Italy	1,500	8,000	9,500
Netherlands	13,600	11,000	24,600
Norway	3,300	4,000	7,300
Sweden	1,000	1,000	2,000
Switzerland	6,000b/	6,938b/	12,938b/
United Kingdom	14,000	14,000	28,000
Subtotal	132,670	94,138	226,808
Near East, Oceania, South and Southeast Asia			
Australia	1,200	1,200	2,400
Ceylon	110,000c/	120,000	230,000c/
French Morocco	3,100	3,000	6,100
India	500d/	1,400d/	1,900d/
Indochina	n a	n a	n a
Indonesia	5,400	8,000	13,400
Malaya	46,300	40,000	86,300
Pakistan	8,000	1,000	9,000
Subtotal	174,500	174,600	349,100
Japan	294,285	459,202	753,567
Taiwan	7,000	7,000	14,000
Hong Kong	85,300e/	166,700e/	252,000e/
Macao	41,700f/	41,678f/	83,378f/
All Other	1,300	500	1,800
Total	736,855	943,818	1,680,673

(For notes see following page)

Table 7a footnotes

a. As reported in the trade returns of the trading partner. Estimates for the second half are in general projected on the basis of reports covering three or four months. Data for the full year are available for Switzerland, Japan, and Hong Kong.

b. Including imports from Hong Kong.

c. This estimate excludes 15,000 metric tons of sugar shown in Ceylon's trade returns as imports from Taiwan.

d. Estimated seaborne. Total export tonnage to India (including Tibet's exports) is estimated at 2,000 metric tons in the first half and 2,500 during the second half.

e. To avoid duplication (see footnote h to Table 6 for further details), the following adjustments in Hong Kong's reported imports from Communist China were made:

	Thousand metric tons		
	1st half	2nd half	total
Total Hong Kong imports from Communist China	229.0	316.0	545.0
Less reexports of Chinese merchandise through Hong Kong to:			
Taiwan	7.0	6.0	13.0
Japan	59.6	76.0	135.6
Malaya	24.5	21.5	46.0
Indochina	6.0	5.1	11.1
Indonesia	3.0	1.7	5.3
Other	13.0	39.0	82.0
Total deductions	143.7	149.3	293.0
Estimated net imports to Hong Kong from Communist China	85.3	166.7	252.0

f. Total for the year only. No breakdown is available for the first and second halves of the year.

Table 8

COMMODITY COMPOSITION OF RECORDED COMMUNIST CHINESE EXPORTS TO HONG KONG (Value), 1954

(Thousands of US Dollars*)

Commodity Category	Jan-Jun	Jul-Dec	Total
Swine	$ 6,897	$ 7,973	$ 14,870
Fruits and vegetables	7,979	10,824	18,803
Raw Products	5,769	3,279	9,048
Other foodstuffs	9,059	14,689	23,748
Articles	956	328	1,284
Feathers	712	1,449	2,161
Textile fibers	1,628	1,038	2,666
Other crude materials	7,270	11,394	18,664
Tung oil	1,167	697	1,864
Coal		96	96
Other animal and vegetable oils	1,037	864	1,901
Textile products	5,461	7,830	13,291
Miscellaneous	4,401	6,072	10,463
Total	$ 52,345	$ 66,513	$ 118,859

* Converted at the exchange rate of RMB $ 1 = US $0.1727 for the first half and US $0.1773 for the second half

III. Volume of Principal Trade Movements

A. Total Communist Chinese Trade

1. Introduction

The volume of Chinese Communist trade movements have been estimated on the basis of various evidence with differing degrees of reliability. The firmest estimates are those of trade with non-Bloc countries and seaborne trade with the Bloc -- which are based on non-Bloc trade returns and other intelligence on cargoes. (See, however, footnote below)* A portion of overland trade movements has been estimated on the basis of (a) a specific North Korean statement of the tonnages of grant aid shipments from the Chinese Communists, (b) commodity import estimates (e.g. POL and steel imports from the USSR), and (c) estimated traffic over certain transport routes (e.g. Chinese Communist exports through Grodekovo -- Suifenho). The remaining portions of the trade were calculated by deducting the estimated value of the commodity tonnages enumerated above from the total value (see Section II above), and dividing the residual value by an estimated average price per ton for commodities believed to make up the remaining traffic. Although such pricing necessarily involves a considerable margin of error, the resulting estimates have also been compared with such evidence as defectors' reports on trade arrangements and patterns, traffic

* It should be noted that ship movements, themselves, are well known and can be described with virtually 100 percent accuracy. It has, however, been necessary to estimate certain portions of the cargo information from other known data, including trade returns. Sources, methodology, and deficiencies in basic information on ocean shipping and cargoes are discussed in Appendix A, and this should be referred to whenever an appraisal of the validity and reliability of ocean cargo data is desired.

observations at "check points," etc., and are believed to establish within broad limits the relative magnitudes of the trade movements involved.

The total trade volume is estimated at close to 11.4 million tons, of which 45 percent was determined from trade data and cargo estimates, 31 percent was estimated directly from other evidence, and 24 percent was based primarily on the estimated residual values.

2. Total Imports

As indicated in Section II, above, total imports into Communist China during 1954 are estimated at $1,250 million, representing about 3.5 million tons. Preliminary analysis of cargoes indicates that approximately $523 million, representing close to 1,600,000 tons, moved by ocean shipping, leaving a balance of $727 million, representing roughly 1,900,000 tons, which is estimated to have moved overland - largely by rail. (See summary table 9, p. 54, and detailed discussions following.)

3. Total Exports

Communist China's exports are estimated at $1,250 million, representing about 7.9 million tons. These were made up of an estimated $409 million, representing over 3.5 million tons exported by ocean shipping, and a balance of $841 million, representing some 4.3 million tons, which moved overland - again very largely by rail. (See summary table 9, p. 54 and detailed discussions following.)

Table 9

Summary of Communist China's Estimated Trade Movements 1/
(By Estimated Actual Origin and Destination of Cargoes)

	By Ocean Shipping		Overland		Total	
	MT	Million US Dollars	MT	Million US Dollars	MT	Million US Dollars
Imports from:						
USSR	70,000	$ 10	1,700,000	$ 615	1,770,000	$ 625
European Satellites	480,000	190	110,000	90	590,000	280 2/
North Korea & Mongolia	--	--	100,000	17	100,000	17
Viet Minh	--	--	10,000	5	10,000	5
Non-Bloc	1,033,000	323 3/	--	--	1,033,000	323
Total	1,583,000	$ 523	1,920,000	$ 727	3,503,000	$ 1,250
Exports to:						
USSR	450,000	$ 35	3,100,000 4/	$ 580	3,550,000	$ 615 5/
European Satellites	1,048,000	100	110,000	60	1,158,000	160 5/
North Korea & Mongolia	--	--	1,000,000	148	1,000,000	148
Viet Minh	13,000	2	27,000	28	40,000	30
Non-Bloc	2,039,000 6/	272	100,000 7/	25 7/	2,139,000	297
Total	3,550,000	$ 409	4,337,000	$ 841	7,887,000	$ 1,250

1. Based on Section II, A and summarizing Section III, A, B, and C - which should be referred to in using the above figures.
2. The estimated $30,000,000 of imports from Western European countries transshipped via Gdynia (see Section II, A, 3, p. 15) have been subtracted from the $310,000,000 figure explained in Section II, A, 4, p. 18).

(Footnotes continued on following page)

Table 9 (Continued)

Footnotes, continued

3. Actually includes small tonnages (totaling about 10,000-15,000 MT with a value of perhaps $20,000,000) which moved to China from Kowloon (Hong Kong) by truck or over the Canton-Kowloon railroad, or from Macao via smuggling through Kowloon area. These supplies, however, all arrived in Hong Kong or Macao by sea from the west.
4. Representative of a range in estimate of perhaps 2.7 to 4.5 million tons.
5. The $80,000,000 of exports to the Satellites and the $10,000,000 to the USSR estimated to have been re-sold and delivered to non-Bloc countries (see Section II, A, 3, p. 15) have been subtracted from the Satellite and USSR figures and added to the non-bloc figure as discussed in Section II, A, 4, pp. 17 and 18, and Table 3, p. 19.
6. Based on export cargo data except for Hong Kong and Japan - where trade returns have been used (see Section III, B, 2, p. 61) and a reported 85,000 tons for Macao (largely carried by junks and launches).
7. Represents exports to Kowloon (Hong Kong) via truck and railroad, chiefly of foodstuffs for consumption within the colony.

b. Trade with Non-Bloc Countries

(1) Imports

Import cargoes from the Free World in 1954 (valued at $323 million) totaled slightly over 1 million tons, almost all of which arrived by ocean shipping.* This volume estimate is based primarily on cargo intelligence -- except for Japan where trade figures have been used -- with a number of detailed adjustments explained in the following summary table (Table 11, pp. 59-60).

Cargo data revealed that Western Europe shipped some 410,000 tons to Communist China in 1954, over one-fourth of which was transshipped via Bloc ports in Europe. This tonnage consisted largely of fertilizer (210,000 tons), and iron and steel (111,000 tons). The balance of the tonnage (85,000 tons) included non-ferrous metals, machinery, and chemicals.

Cargo data on ocean-vessel shipments from Hong Kong (230,000 tons) have been supplemented by trade data and a partial analysis of manifest information for vessels under 1,000 GRT/- in order to present more complete figures for the principal tonnage items -- i.e., fertilizers and other chemicals. Some 16,000 tons of coconut oil and raw cotton estimated to have been transshipped from Southeast Asia via Hong Kong on through bills of lading have been

(See Table 10, p. 57)

* Only minor amounts reached China overland (via Hong Kong and Macao) or by small craft, and most of these commodities had arrived in the Far East by sea from the West.

TABLE 10

Communist Chinese and Macao Recorded Imports From Hong Kong [1]
(Volume)

Jan - Dec 1954

Thousands of long tons

Method of Transport	January - June			July - December			January - December		
	China	Macao	Total	China	Macao	Total	China	Macao	Total
Ocean-Going Vessels	130	a/	130	105	1	106	235 [2]	1	236 [2]
River-Steamers	a/	11	11	a/	7	7	a/	18	18
Junks	27	27	54	50	30	80	77	57	134
Launches	a/	a/	a/	a/	a/	a/	a/	a/	a/
Total Water Borne	157	38	196	155	38	193	312	76	388
Rail	6	a/	6	4	a/	4	10	a/	10
Road	a/	a/	a/	a/	a/	a/	a/	a/	a/
Total Water Borne And Land Borne	163	38	201	159	38	197	322	76	398

a. Nil or Negligible

1. This table, compiled from Hong Kong official statistics, shows all recorded traffic from Hong Kong to China and Macao, including
   (1) Goods exported from Hong Kong and
   (2) Goods exported to China from third countries via Hong Kong and transhipped there. It does not include transit cargo, i.e. cargo arriving in a ship calling at Hong Kong en route for China but not transhipped in the Colony.

2. This Hong Kong "recorded" figure of 235,000 tons by ocean-going vessels compared closely with a corresponding figure of 239,000 tons totalled from cargo estimates of individual sailings. The difference is believed attributable to rounding of the many component items of the total recorded figure, as well as to discrepancies in "in transit" figures reported in the Hong Kong Bulletin.

subtracted from import arrivals from Hong Kong and added to those from SE Asia. The adjusted total tonnage of 310,000 tons from Hong Kong, includes 240,000 tons of fertilizers and 2[illegible],000 tons of other chemicals and dyestuffs.

In view of the major gaps in intelligence on cargoes from Japan, official trade data have of necessity been used to estimate the tonnages shipped in this period. Of a total of 137,000 tons, 107,000 tons of fertilizer and 17,000 tons of other chemicals accounted for the greater part of the tonnages. Of this total, 91,000 tons could be confirmed by cargo estimates covering 115 arrivals; but no information was available on 99 other sailings to China from Japan, and it was only possible to assume these voyages carried the additional 46,000 tons recorded in Japanese trade returns.

Cargo data supports an estimated seaborne shipment from other areas totaling 140,000 tons, and including principally 67,500 tons of rubber from Ceylon and Indonesia; 38,000 tons of raw cotton from Pakistan, Egypt and Brazil; and 20,000 tons of coconut oil mainly from Malaya and Ceylon. The cotton and coconut oil figures include tonnages estimated to have been transshipped via Hong Kong for account of Southeast Asian countries but still fall short of trade returns for these commodities by 11,000 tons of cotton and 13,000 tons of coconut oil. Some of these trade figures, however, include trade with Formosa; and small tonnages may have moved in vessels under 1,000 GRT. The balance is believed to represent

subtracted from import arrivals from Hong Kong and added to those from SE Asia. The adjusted total tonnage of 310,000 tons from Hong Kong, includes 240,000 tons of fertilizers and 2[illegible],000 tons of other chemicals and dyestuffs.

In view of the major gaps in intelligence on cargoes from Japan, official trade data have of necessity been used to estimate the tonnages shipped in this period. Of a total of 137,000 tons, 107,000 tons of fertilizer and 17,000 tons of other chemicals accounted for the greater part of the tonnages. Of this total, 91,000 tons could be confirmed by cargo estimates covering 115 arrivals; but no information was available on 99 other sailings to China from Japan, and it was only possible to assume these voyages carried the additional 46,000 tons recorded in Japanese trade returns.

Cargo data supports an estimated seaborne shipment from other areas totaling 140,000 tons, and including principally 67,500 tons of rubber from Ceylon and Indonesia; 38,000 tons of raw cotton from Pakistan, Egypt and Brazil; and 20,000 tons of coconut oil mainly from Malaya and Ceylon. The cotton and coconut oil figures include tonnages estimated to have been transshipped via Hong Kong for account of Southeast Asian countries but still fall short of trade returns for these commodities by 11,000 tons of cotton and 13,000 tons of coconut oil. Some of these trade figures, however, include trade with Formosa; and small tonnages may have moved in vessels under 1,000 GRT. The balance is believed to represent

remarks of Chinese purchases to other Bloc countries - shipped directly to such purchasers - or unidentified additional transshipments on through bills via Hong Kong.

Table 13

Commodity Composition of Communist China's Seaborne Import Cargoes[1/] Originating from Non-Bloc Countries, 1956
(In metric tons)

	Eastern Europe: Transshipments From Bloc Ports	Eastern Europe: Direct Shipments	Hong Kong[2/]	Japan[3/]	All Others[4/]	Total
Iron & steel	95,000	22,500	50	360	--	117,910
Non-ferrous metals	10,500	775	5	310	--	11,590
Mach., instru., & equip.	4,500	4,750	1,350	550	5	11,155
POL	--	200	150	--	--	350
Rubber	--	--	--	--	67,500	67,500
Fertilizer	--	210,000	260,000[2/]	107,000	--	577,000
Pharmaceuticals	--	1,000	250	475	5	1,730
Other chemicals (incl. dyestuffs, etc.)	500	16,000	28,000	17,000	2,300	63,800
Raw cotton	--	--	--	--	38,000	38,000
Coconut oil	--	--	500	--	20,000	20,500
Miscellaneous (identified)	--	15,000	15,000	11,300	7,500	47,800
Unidentified and "general" cargo	500	11,000	24,000[2/]	--	--	37,500
Subtotals (rounded)	111,000	301,000	310,000	137,000	135,000	994,000
Unrecorded imports through Hong Kong, Macao, and Other Asia (see table p. 43)						29,000
Total (rounded)						1,023,000

(Footnotes on following page)

Footnotes

1. Based on cargo data except as otherwise indicated.
2. Based on cargo data for 239,000 tons shipped in ocean-going vessels. To this figure has been added 77,000 tons reported as moving in smaller vessels and 10,000 tons reported as moving by rail or highway. The resulting total of 326,000 tons includes 32,000 tons reported as transshipped on through bills of lading. Of this figure at least 16,000 tons is estimated to represent coconut oil and raw cotton from Southeast Asia, and a corresponding tonnage has therefore been transferred from the Hong Kong to the Southeast Asian figures. Commodities moved overland and in small vessels have been analyzed only to the extent necessary to identify fertilizer movements; but trade data has been used to obtain total movement figures for "other chemicals" (the second most important tonnage item). Other identified commodity totals for Hong Kong include only cargoes carried in vessels over 1,000 GRT.
3. Figures for Japan are from trade data.
4. All from Southeast Asia except 3,000 tons of raw cotton from Egypt and 7,500 tons of wheat, 4,000 tons of cotton, and 2,000 tons of quebracho from South America. Figures shown include a minimum of 9,000 tons of raw cotton and 7,000 tons of coconut oil estimated to have been shipped via Hong Kong on through bills of lading for account of Southeast Asian countries.
5. Including 195,000 tons from cargo data on vessels over 1,000 GRT and 45,000 tons identified as manifested from Hong Kong in smaller vessels.
6. Of this tonnage, 17,000 tons moved overland and in small vessels. Commodities involved in these movements have not been analyzed in detail, although manifest information for most of it is available.

2. Exports

Exports to the Free World in 1954, valued at $297 million, totaled nearly 2,150,000 tons, almost all of which arrived by ocean shipping.* The volume estimate is based both on cargo intelligence and commodity tonnages from trade returns (see Table 12, pp. 62-63).

Cargo data reveal that Western Europe received about 378,000 tons from Communist China in 1954. The largest commodity categories were soybeans (108,000 tons), peanuts (54,000 tons), industrial oils (22,000 tons), and foodstuffs (35,000 tons).

In view of the gaps in intelligence on cargoes from Communist China to Japan, official trade data have been used to estimate the tonnage shipped during 1954. Of a total of 753,000 tons, about 425,000 tons of salt, 50,000 tons of coal, 60,000 tons of iron ore, and 135,000 tons of cereals and seeds were shipped.

Cargo data indicate that the Near East, South and Southeast Asia received about 387,000 tons from Communist China during 1954. The principal commodity groups were rice and other cereals (225,000 tons) and coal (106,000 tons).

Hong Kong shipping returns showed imports from Communist China of 536,000 tons, consisting largely of foodstuffs and agricultural raw materials. It is believed that about 250,000 tons of Chinese products were retained in Hong Kong during 1954, the balance representing Hong Kong re-exports.

*Approximately 307,000 tons were exported by small craft to Hong Kong, and an additional 185,000 tons were shipped overland to Hong Kong and Macao.

Table 12

Commodity Composition of Communist China's Export Cargoes to Non-Bloc Countries, 1954
(In metric tons)

	Western Europe 2/	Near East, Africa, South & S.E. Asia 3/	Hong Kong 4/	Japan 5/	Total
Iron ore				58,600	58,600
Nonferrous metals and ores	500			15,950	16,450
Textiles	9,400	225	1,550	2,775	13,950
Rice and other cereals	15,250	226,770	5,500	75,630	323,150
Soybeans	108,380	4,500	25,000	57,280	204,660
Other oil seeds	4,750		4,750		
Peanuts	54,250				54,250
Egg products	4,750	400			5,150
Industrial oils	22,150		5,800	3,100	31,050
Jute	400				400
Bristles & feathers	490				490
Tobacco	80				80
Other foodstuffs	15,150	220	232,800	452,150	700,320
Coal		108,000	6,850	47,350	162,200
Other agricultural raw materials	800		60,880	7,200	68,880
Miscellaneous & unidentified	144,550	46,700	192,870	33,450	417,570
Subtotals (rounded)	378,000	387,000	536,000	753,000	2,054,000
Communist China's exports to Macao					85,000
Grand Total (rounded)					2,139,000

1. Communist China's exports to non-Bloc countries virtually all moved by sea or small craft with the exception of 100,000 tons overland to Hong Kong.
2. The volume of Communist China's exports to Western Europe is estimated from cargo intelligence. The figure includes commodities purchased directly by Western Europe plus commodities which were shipped to Western Europe on Bloc account but which were later re-sold to Western European countries.
3. Communist China's exports to the Near East, Africa, South and Southeast Asia are estimated from cargo intelligence. Coal figures include 8,000 tons on the Nissho Maru confiscated by the Chinese nationalists.

(Footnotes continued on following page)

Table 12 (Continued)

Footnotes, continued

4. According to official Hong Kong shipping data these tonnage figures include 132,000 tons exported in ocean-going vessels, 308,000 tons in vessels under 1,000 GRT, and 97,000 tons shipped overland by rail or road. Cargo information covered only 105,000 tons of the 132,000 tons in larger vessels, but there were a number of additional departures whose individual cargoes were not reported. Accordingly, official Hong Kong trade data have been used to provide the commodity composition shown.
5. Because of gaps in intelligence for cargoes from Communist China to Japan, the tonnage figures reported in trade returns have been used.

C. Trade with the Soviet Bloc

1. Trade with the USSR

Trade with the USSR is estimated to have been in approximate balance at $625 million each way. (See Section 2.A.4., p. 16)

a. Imports from the USSR

25X1C

(1) Seaborne

25X1C

[redacted], it is believed that Communist China's imports by water from the USSR were relatively light in 1954. During that year only one ship appears to have delivered merchandise in Communist China direct from a European USSR port, and this carried only 100 tons of unidentified cargo. All other Soviet cargoes delivered in Communist China originated in the Far East. The total consisted of approximately 30,000 tons of petroleum (calculated at an assumed value of $50 per ton) which moved by sea from Vladivostok plus about 20,000 tons of other products (including 10,000 tons of paper from Sakhalin). The estimated value of these total seaborne imports is set at only $10 million.

(2) Overland

The remaining $615 million difference between the estimated value of total imports and seaborne cargoes moved overland - largely by rail. The volume of these shipments is roughly estimated at 1.7 million tons, as follows:

Military equipment is believed to account for a large portion of the value of these imports. Estimated receipts of aircraft, arms and ammunition, and military electronic equipment in

support of the expansion of the air force and the reorganization and modernization of the ground forces are estimated at roughly 30,000 tons with a value of about $150 million. /Not included in this estimate are a number of naval vessels which the USSR furnished to China, possibly on a grant or loan basis./

Deducting 150,000 tons of identified seaborne shipments of POL* from Communist China's estimated total import of something over 1,000,000 tons, overland imports of POL from the USSR are placed at close to 900,000 tons. Judging from the estimated outputs of the Sakhalin oil wells and the Khabarovsk and Komsomolsk refineries, about 300,000 tons may have been received from Soviet Far East sources, about half of which is believed to have been shipped by barge up the Amur and Sungari rivers and the remainder by rail via Grodekovo. The remaining imports of about 600,000 tons would have been received via the Trans-Siberian Railway through Otpor. The total value of these overland shipments is placed at about $44 million, using an estimated average price per ton of $50.

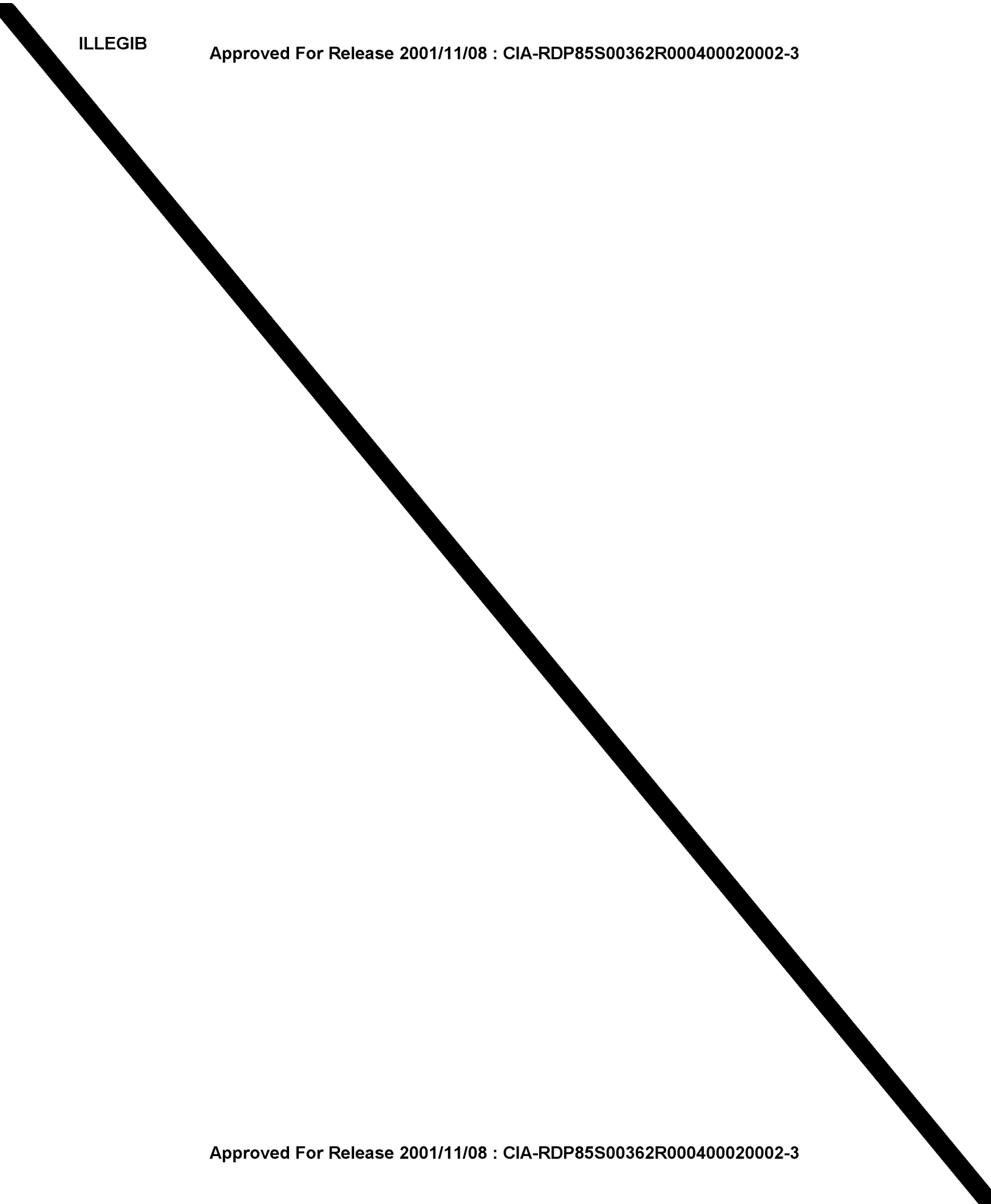
Overland imports of steel from the USSR are believed to have increased in 1954 over 1953, for the Chinese Communists reported an increase in total steel imports while the available data show a sharp decline in steel imports from non-Communist countries and no substantial increase in steel imports from the European Satellites. Overland imports of steel from the USSR were estimated in FIC-M1-53 at 200,000 to 300,000 tons in 1953, and for 1954 it would

* Including 50,000 tons from the Soviet Far East and 100,000 tons from the European Satellites (largely from Constanza).

seem reasonable to estimate the volume at 300,000 tons valued at possibly $36 million.

While the remaining imports cannot be specifically identified, it is believed that they consisted primarily of industrial equipment and supplies, agriculture equipment, motor vehicles, and similar items which have been stressed in announcements and have been seen moving eastward on the Trans-Siberian Railroad on open cars. Such commodities would have a relatively high value per ton on the average - estimated as between $700 and $800 per ton - so that the remaining $385 million would probably represent approximately 500,000 tons.

Of total estimated overland imports of 1,700,000 tons from the USSR, the bulk is believed to have been shipped via the Trans-Siberian Railroad through Otpor. Shipments through Grodekovo probably did not greatly exceed 200,000 tons, including 150,000 tons of POL, since most of the goods required by Communist China are not produced in the Soviet Far East. Allowing for 150,000 tons of POL shipped via the Sungari River and possibly 20,000 tons of equipment and consumers' goods shipped by road to Sinkiang, shipments through Otpor may be estimated at 1,350,000 tons.



Approved For Release 2001/11/08 : CIA-RDP85S00362R000400020002-3

b. Exports to the USSR

(1) Seaborne

The total volume of 1954 seaborne exports from Communist China to the USSR approximated 450,000 metric tons. This total was carried as follows:

	Metric Tons
To USSR ports in Europe via the Suez Canal	100,000
To the Soviet Far East	350,000
Total	450,000

The value of these seaborne exports is estimated at $35 million. Commodities shipped to the Soviet Far East were mainly cement, coal, salt, and foodstuffs with an estimated value of $20 million. Exports to USSR ports in Europe were generally of medium value, such as staple foodstuffs, for which an average price was calculated at $150 per ton, yielding a total estimated value of $15 million.

(2) Overland

The remaining $590 million difference between estimated value of total export trade with the USSR and seaborne shipments moved overland, principally by rail. The volume of such overland exports is roughly estimated at 3.1* million tons. This entire amount did not move across Siberia, however, since much

* A mid-point figure for a range in estimate of 2.7 to 3.5 million tons.

it probably consisted of agricultural products required in the Soviet Far East. Furthermore, commodities such as coal and cement would logically find their way to Soviet Far East destinations which lack basic supplies or production facilities.

Rail shipments through Grodekovo are estimated on the basis of fragmentary reports at roughly 1,000,000 tons, reflecting average traffic of about 100 carloads of 30 tons each per day. These shipments consisted largely of coal, grain, and salt shipped to Vladivostok, Nakhodka, and Khabarovsk for local consumption or shipment to offshore areas. The average price per ton for such shipments would be low, and their total value is tentatively placed at $85 million.

Road and river shipments are believed to have been small, totaling possibly 100,000 tons. Road shipments from Sinkiang, based on occasional reports from observers on truck traffic and from estimated availability of export products, are placed at roughly 15,000 tons consisting chiefly of wool, skins, and non-ferrous ores and concentrates with a value of possibly $15 million. Sungari River shipments would account for the balance of the tonnage, and these are believed to have consisted primarily of rafted timber with a value of possibly $2 million.

The remaining $188 million worth of goods would have moved overland to the USSR primarily through Otpor, and, with an estimated average value of between $200 and $300 per metric ton, would have amounted to between 1,600,000 and 2,400,000 tons.

Approximate Distribution of Estimated Overland Exports to the USSR
By Means of Transport

	Millions of US Dollars	Metric Tons
By rail through Grodekovo	$ 85	1,000,000
By rail through Otpor	488	1,600,000 - 2,400,000
By Sungari River	2	85,000
By Road from Sinkiang	15	15,000
Total	$590	3,100,000 (approx.)

2. Commodity Trade with the European Satellites (in terms of estimated actual origin and destination of cargoes)

a. Total Trade

Of the total $440 million estimated commodity trade between Communist China and the European Satellites, analysis of cargo movements indicates that nearly 500,000 tons of cargo moved into China by sea,* and approximately 1,000,000 tons exports moved out from China by sea - or about 1.5 million tons of ocean traffic altogether. Indications as to the composition of the individual cargoes involved vary greatly in detail and reliability. (See Appendix A for a general discussion of the intelligence information available on ocean cargoes generally.) Something over 80 percent of cargoes could be estimated with reasonable accuracy from the various specific intelligence reports available, and this breakdown of identified shipments was used to pro-rate an estimated composition of the remaining cargo tonnages. A valuation of these commodity breakdowns (see below) suggests a total value of approximately $190 million for Chinese seaborne imports and approximately $100 million for Chinese seaborne exports. The remaining $150 million (largely higher-priced goods) is believed to have moved by overland rail transport, representing a total of approximately 220,000 tons.

* Not including an estimated 111,000 additional tons of Western origin transshipped via Canada.

b. Imports

(1) Seaborne

Nearly 500,000 tons of Satellite exports with an estimated value of $190 million reached Communist China in 1954 from East European Satellite ports. The following table summarizes the cargo information available.

Ocean-Borne Imports Originating from European Satellites
(Estimated from Cargo Information)

	Volume - Metric Tons	Estimated Price	Value U.S. Dollars
POL	103,000	$50	$5,150,000
Iron and steel	70,000	170	11,900,000
Non-ferrous metals	17,000	650	11,050,000
Fertilizer	64,000	65	4,160,000
Chemicals and drugs	16,000	400	6,400,000
Instruments	3,000	3,500	10,500,000
Transport equipment	57,000	450	25,650,000
Machinery	40,000	1,500	60,000,000
Metal-working equipment	12,000	1,800	21,600,000
Foodstuffs	72,000	200	14,400,000
Miscellaneous	26,000	750	19,500,000
Total sea cargo	480,000		$190,310,000

(2) Overland

Subtracting the calculated value of $190 million for seaborne imports from the estimated $280 million total imports from the European Satellites leaves a balance of $90 million which is presumed to represent overland imports. Such shipments would represent primarily goods of higher value, such as vehicles and machinery, as so frequently

ILLEGIB

[redacted] does not
commodities and tonnages involved.
seaborne cargoes approximates $100 per ton.
somewhat arbitrarily assigned to overland tonnages.
factor yields an estimated tonnage of overland imports from
European Satellites of approximately 110,000 tons, which is consistent with the fragmentary evidence available as to actual traffic movements.

b. Exports

(1) Seaborne

Analysis of ship cargoes indicates that Communist China's seaborne exports to the European Satellites amounted to about 1,048,000 tons, valued at $100 million. Of this total, 713,000 tons were delivered directly to Bloc ports, while 295,000 tons additional were unloaded in non-Bloc ports -- from which they are believed to have been transshipped to the European Bloc.

Ocean-Borne Exports to European Satellites
(Estimated from Cargo Information)

	Volume Metric Tons	Representative Price	Value U.S. Dollars
Iron Ore	569,000	$ 10	$ 5,690,000
Non-ferrous ores	11,200	800	8,960,000
Rice	29,000	140	4,060,000
Soybeans	122,000	110	13,420,000
Peanuts	44,000	200	8,800,000
Other oil seeds	36,000	190	6,840,000
Other foodstuffs	17,500	200	3,500,000
Jute	11,000	230	2,530,000
Rubber	3,500	720	2,520,000
Tobacco	8,300	850	7,055,000
Caustic soda	5,400	75	405,000
Copper sulphate	5,000	250	1,250,000
Pig iron	15,000	65	975,000
Cement	4,000	20	80,000
Industrial oils	8,000	300	2,400,000
Misc. & Unidentified	159,100	200	31,820,000
Total	1,043,000		$100,305,000

(2) Overland

Subtracting the above $100 million estimate for seaborne exports from the estimated $160 million total exports leaves a balance of $60 million which presumably moved overland. Rail exports are ordinarily of higher value than shipments by sea. Many of China's more valuable exports, however - including silk, tea, tin, tobacco, and tung oil - originate in South China, from which overland

connections to Europe are very roundabout. Cargo data show that a number of these higher-priced exports moved by sea. It is also reported that the Chinese soy beans (a relatively low-valued export) are arriving in Eastern Germany by rail. Accordingly, a value of about $550 per ton for rail-borne exports (in contrast with $800 per ton for rail-borne imports) seems reasonable - and would indicate approximately 110,000 tons as the volume of rail tonnage involved (which is consistent with other fragmentary indications).

3. Trade with the Far East

a. Introduction

Although trade with North Korea and the Viet Minh could presumably have moved either overland or by sea, it appears that in 1954 there was no significant seaborne traffic. A few supplies for Communist China's "volunteers" with the Viet Minh have been identified as moving on Chinese troop transport vessels, but in general trade with North Korea moved by rail, and trade with the Viet Minh moved by roads.

b. Trade with North Korea and Mongolia

(1) Imports

The major Chinese import from North Korea in 1954 was electric power, the value of which is estimated to have been $10 million. Overland imports moving by rail consisted of approximately 100,000 tons of agricultural products and mineral ores valued at about $5 million.

(2) Exports

The North Koreans have reported the movement of nearly 1 million tons of commodities under the $130 million announced aid program from Communist China during 1954 - consisting of coal, grain, cement, metals, and miscellaneous products. In addition, Communist China exported some $15 million worth of trade commodities to North Korea. The total movement of goods from Communist China to North Korea, therefore, is estimated as 1 million tons (see, however, Section II.B.1, p.20).

(3) Outer Mongolia

Trade with Outer Mongolia was small (about $5,000,000) and was probably in approximate balance. Because of the lack of commodity information no estimates of tonnage movements have been made.

c. Trade with the Viet Minh

(1) Imports

It is estimated that Viet Minh shipments to Communist China in 1954 consisted of agricultural products and miscellaneous minerals. Such imports into China are very roughly assessed at 10,000 tons, valued at $5 million.

(2) Exports

It is estimated that 40,000 tons of commodities were moved from Communist China to the Viet Minh, consisting primarily of weapons and ammunition, POL, and rice, with a total value of $30 million. Two identified ocean cargoes are believed to have probably consisted of 16,000 tons of food supplies, valued at $2 million. The balance is estimated to have moved overland.

IV. Transport and Transport Services

A. Ocean Shipping

1. Introduction

Communist China's shipping needs are currently being met primarily by ships of non-Bloc registry, supplemented by a small proportion of ships of Soviet and Satellite registry. Non-Bloc registered ships accounted for 84 percent of the total number of arrivals* in Communist China during 1954, and for 82 percent of the total gross registered tonnage (GRT) (see Table 13, p. 77). All of the balance was accounted for by Soviet, Polish, and (a few) Czechoslovakian vessels. The merchant fleets of the other Bloc countries are relatively small and composed in large part of vessels unsuitable for long-distance ocean movements. (See Table 20, p.126) (Thus the sea-going fleets of Rumania, Bulgaria, and Hungary include only 14 vessels totaling 44,000 GRT.) Since the Chinese Communist merchant fleet is relatively small and unsuitable for overseas commerce, and since ChiCom vessels did not operate in the Formosa Straits area, in 1954 from fear of Chinese Nationalist interception, Communist China is altogether dependent upon the fleets of other countries - not only to carry her overseas trade but also to provide important shipping services for her coastal trade, especially

* The term "arrival" as here used means the initial arrival of a vessel in Communist China from a non-Chinese port. Each vessel is counted only once for each voyage to China regardless of the number of Chinese ports of call thereafter.

TABLE 13

Shipping - Summary of Arrivals in Communist China - 1964 1/

Arrivals in Communist China from Ports other than those of Communist China	Soviet Bloc Shipping			Total		
	Number (Units)	Cargo-Carrying Capacity (Thousands of tons)	Cargo-Carrying Capacity as Percent of Total	Number (Units)	Cargo-Carrying Capacity (Thousands of tons)
January-March	47	367	22	347	1646
April-June	37	287	17	442	1696
July-September	29	202	12	320	1735
October-December	51	369	20	273	1822
TOTAL	168	1214	18	1382	6900

1/ - This table excludes vessels under 1,000 gross registered tons.

south of the Yangtze. There were no significant additions to the operating Chinese Communist merchant fleet in 1954. One noteworthy development, however, was the launching of two 3700 dead-weight ton non-self-propelled liquid-cargo lighters at the Dairen Sino-Soviet shipbuilding yards in the fall of 1954. A third vessel is reportedly on the ways. In addition, Shanghai shipyards in 1954 completed and placed in operation two large river/coastal vessels of approximately 2700 gross tons each. Other vessels of this same type are under construction.

The gross tonnage of ocean shipping arriving in Communist China from foreign ports has more than doubled between 1951 and 1954, and the volume of non-Bloc arrivals has gone up essentially in the same proportion as the total.

Total Arrivals in Communist China

	1951 (from R-1)	1952 (from R1-82)	1953 (from R1-83)	1954
Number of vessels arriving	504	532	826	1,004
Cargo-carrying capacity (000 tons)*	3,241	3,527	5,900	6,900
Percent thereof non-Bloc registry	86%	81%	85%	82%

* The cargo-carrying capacity of ocean-going cargo ships may be generally taken as 1.5 times the gross registered tonnage, and this factor has been used throughout this report. It is subject to variation in practice, however, since the tonnage which a given ship can actually carry is affected by the nature of the cargo, the length of the voyage, the number of ports visited, the proportion of space in the ship allotted to passenger accommodation, and so forth.

[redacted]

Involvement of Vessels in Communist China's Ocean Traffic

	1951 (from [illegible])	1952 (from R1-S2)	1953 (from R1-S3)	1954
Number of Vessels Involved	88	93	149	169
Percent thereof non-Bloc registry	86%	68%	75%	76%

Increased coastal shipping.

A comparison of total ocean cargo movements from 1952 through 1954 also indicates a year-by-year increase.

Ocean Cargoes Arriving at or Departing from Communist Chinese Ports*

(In thousands of metric tons)

	1952 (from [illegible]-R1-S2)	1953 (from R1-S3)	1954 (from R1-S4)
Seaborne Imports	1,098	1,526	1,583
Seaborne Exports	1,926	3,288	3,550
Total Seaborne Cargoes	3,024	4,814	5,133

* Includes tonnages moving by small craft and overland between Communist China and Hong Kong and/or Macao.

2. Non-Bloc Shipping

a. Arrivals

In 1954 there were 303 non-Bloc vessels of 1,813,000 GRT engaged in Communist China's foreign trade. These vessels accounted for 846 arrivals, totaling 3,791,000 GRT, with an estimated cargo-carrying capacity of 5,686,000 tons - an increase compared with 1953 of 21 percent in the number of arrivals and of 19 percent in the ship tonnages.

Sixty-one percent of these 846 non-Bloc vessels arriving in 1954 (56% of the GRT) flew the British flag, virtually the same as the 60 percent (of the arrivals) figure the preceding year. Japanese vessels accounted for 11 percent of the number and 13 percent of the GRT of non-Bloc arrivals - as compared with 11 percent of the number and 15 percent of the GRT of 1953 arrivals. The vessels of seven Western European countries - Norway, Denmark, Sweden, Italy, the Netherlands, France and Finland - accounted for nearly all of the remaining tonnage which arrived in Communist China in 1954. The West German flag made its appearance in the China trade for the first time in 1954, with four arrivals totaling 20,000 GRT. Approximately 9 percent of the total number of arrivals in Communist China in 1954 (4 percent of the GRT) were by three ships beneficially owned by the Chinese Communists. (Tab A-3) A fourth ship so owned remained in Chinese Communist waters throughout 1954.

During 1954, 96 percent of the arrivals of non-Bloc vessels in Communist China originated in Free World ports. The remain-

ing 31 voyages (representing 167,000 GRT) originated from Soviet Bloc ports (Tab A-4) - representing a decrease from 7 percent in 1953 to only 4 percent in 1954 of the total arrivals of non-Bloc vessels from all ports. Arrivals from Hong Kong continued to increase - from 330 vessels of 1,007,000 GRT in 1953 to 388 vessels of 1,141,000 GRT - reflecting a large increase in cargo tonnage in sharp contrast to a substantial fall in the value of recorded trade. On the other hand, the fourfold increase (by value) in imports from Japan was accompanied by an increase of only 13 percent in the total tonnage of voyages originating from Japanese ports (i.e., from 176 voyages with 973,000 GRT in 1953 to 204 voyages with 1,085,000 GRT in 1954). This total does not include voyages which called at Japan immediately before proceeding to Red China but which originated in other areas.

In addition to known arrivals of vessels over 1,000 GRT, consideration must also be given to the large number of small craft, including junks and launches, which ply continuously between Communist China and Hong Kong or Macao. (See Tab A-6 for estimated cargo-carrying capacity.) A number of other small craft are believed to have made voyages to Communist China from Japan, Okinawa, and Formosa; but cargo-carrying capacity - while unknown - is small in relation to that of small craft operating in the Hong Kong/Macao area.

b. Departures

During 1954 a total of 830 non-Bloc vessels totaling 3,702,000 GRT departed from Chinese Communist ports, with an aggregate

cargo-carrying capacity of 5,502,000 tons. Sixty-one percent of the departures and fifty-four percent of the total GRT consisted of ships of British registry; 11 and 13 percent are the comparable figures for Japanese registry; while 9 percent of both departures and GRT were Norwegian registry. Other countries with significant amounts of shipping departing Communist Chinese ports were Denmark, Sweden, Italy, Netherlands, Finland, and France. Five percent of the total GRT (representing the continuous activity of three ships) is known to have been beneficially owned by the Chinese Communists. (Tab B-3.)

Only 7 percent (61 voyages) of the departures (representing 386,000 GRT of shipping) sailed for Soviet Bloc ports in 1954, although this was an increase from the 5 percent (36 voyages - representing 233,000 GRT) in 1953. The immediate destinations of 73 percent of all non-Bloc departures were in Asia, with Hong Kong and Japan respectively representing 45 and 15 percent of the total. (See Tab B-5.) In many cases, however, the vessels continued on to areas beyond the Orient, with substantial cargoes from China. Cargo estimates indicate that seaborne exports to non-Bloc nations were about one-third more than to the Bloc - with Hong Kong and Japan, together, receiving approximately one-half of all seaborne non-Bloc exports.

c. Employment Pattern

The pattern of employment of non-Bloc shipping in Communist China's foreign trade in 1954 is indicated by the following

summary of the origins of arrivals and the destinations of departures:

Non-Bloc Shipping, 1954

Non-Bloc ports	Arrivals from: No.	Arrivals from: 000 GRT	Departures to: No.	Departures to: 000 GRT
Hong Kong	388	1,141	377	1,024
Japan	204	1,085	127	610
Other Asia	75	302	103	453
Western Europe	143	1,071	157	1,194
Other	5	25	5	35
Bloc ports				
Europe	28	154	61	386
Soviet Far East	3	13	--	--
Total	846	3,791	830	3,702

Hong Kong was the originating port for 46 percent of the number and 30 percent of the tonnage of arrivals in Communist China, and the destination for 45 percent of the number and 28 percent of the tonnage of departures. Coasting-type vessels accounted for most of this traffic, the average vessel tonnage being 2,800 GRT.

Among the factors contributing to the pattern of trade movements to and from Hong Kong were:

(1) A large number of voyages were made by combination passenger-freight vessels, which for a number of years have maintained a regular scheduled service between Hong Kong and such mainland ports as Swatow, Shanghai, Tsingtao, and Tientsin. These vessels in 1954 carried varying cargoes to and from Communist China, but in general

were laden relatively lightly. Some of these cargoes, however, were of high value.

(2) A further number of voyages were made by tramp freighters, typically reported as carrying such cargoes as chemical fertilizer from Hong Kong to South China ports or as carrying foodstuffs and native products from Chinese coastal ports to Hong Kong.

(3) A third group of Hong Kong-based vessels were engaged in cabotage on the Chinese Communist coast under trip or short-term charter; and although these vessels made a number of voyages from and to Hong Kong, they generally carried no international cargo in either direction.

Japan was the originating port for 25 percent of the number and 29 percent of the tonnage of arrivals in Communist China, but the destination for only 15 percent of the number and 16 percent of the tonnage of departures. This unbalanced pattern reflects the fact that many ships become free in Japan (since the volume of total Japanese imports consisting largely of foodstuffs and raw materials greatly exceeds the volume of total Japanese exports), and many of these ships find employment by proceeding to Communist China light or in ballast to pick up export cargo for European or other destinations. Nevertheless, the volume of Sino-Japanese trade increased sharply in 1954 to nearly 900,000 tons, reflecting the expansion of Japanese exports of fertilizer to China and also of Japanese imports from China of salt, grains, oil seeds, and minerals (chiefly coal). Also, there

is some evidence that Japan may be beginning to serve as a transshipper of goods for China of European origin.

Western Europe accounted for most of the balance of the tonnage of arrivals (17 percent of the number and 28 percent of the GRT) and departures (19 percent of the number and 32 percent of the GRT).

The number of vessels in scheduled services increased substantially in 1954. (See Table 11.) European shipping companies, which had previously terminated their Far East liner service at Hong Kong or at ports in Southeast Asia, extended their services to Japan in order to share in the transport of increased over-all Japanese trade; and this development led to a number of stops in Chinese Communist ports on either the outward or return voyages between Hong Kong and Japan. This increase in liner service may be a reflection of a portion of the decline in Hong Kong's trade with Communist China, since it enabled direct shipments of small-lot cargoes between Communist China and Western Europe which previously had been transshipped through Hong Kong. Many of the financial arrangements for such shipments, however, continue to be made in Hong Kong.

Other non-Bloc areas accounted for only 9 percent of the tonnage of arrivals and 13 percent of the tonnage of departures. A part of this traffic consisted of passenger-freight service between Malaya and South China ports and Hong Kong, carried on by a few Malayan-based vessels. Such vessels carried overseas Chinese back and forth between Malaya and Swatow or Hainan. Cargo from Malaya was reportedly nearly all for Hong Kong, but on the return voyages Chinese Communist export cargoes (mainly of native products for overseas Chinese consumption) were picked up for Hong Kong and Malaya. The shipment of rice to Ceylon and coal to Chittagong accounted in large part for the excess in the tonnage of departures to Ceylon and Pakistan over the tonnage of corresponding arrivals therefrom.

Bloc ports accounted for 4 percent of the tonnage of arrivals and 10 percent of the tonnage of departures - which as compared with 1953 represented a decrease of 35 percent in the tonnage of non-Bloc arrivals from Bloc ports and an increase of 67 percent in the tonnage of non-Bloc departures to Bloc ports.

3. Soviet Bloc Shipping

a. Arrivals

Soviet Bloc arrivals for 1954 reached a total of 158, aggregating 810,000 GRT with an estimated cargo-carrying capacity of 1,214,000 tons. This was an increase of 30 trips and 65,000 tons over 1953 - but represented only 18 percent of total shipping tonnage arriving in Communist China as compared with 19 percent in 1953. Available information indicates employment of these arrivals as follows:

	No. Arrivals	% Total	Gross Registered Tons	% Total
With cargo	86	54	487,913	60
In ballast	19	12	76,681	10
For repairs*	21	14	103,893	13
To load*	27	17	119,616	14
No information	5	3	21,458	3
Total	158	100	809,561	100

The Soviet Union flag was predominant in Bloc arrivals, with 66 percent of the total GRT. Thirty-one percent of this total consisted of the Polish flag vessels, while the remaining 3 percent were credited to the Czechs. (Tab A-7). Over half of these Soviet

* Although vessels reportd as arriving "for repairs" or "to load" are frequently in ballast, some also carried cargo. All cases so identified (as, for example, by air photographs) have, however, been included in the number "with cargo."

Bloc voyages originated in the Soviet Far East. Twenty-eight percent originated in Poland, and 9 percent in Black Sea ports (Rumanian or USSR). Some 14 voyages involving Bloc vessels originated in non-Bloc ports, 6 of them carrying rubber from Ceylon (Tab A-8).

(1) Tanker Voyages

The Bloc has made a strenuous and protracted effort to import POL into Communist China by tanker. In fact, the construction in USSR yards of *KAZBEK-class tankers after embargo of tankers from Free World shipyards, reflects the Sino-Soviet Bloc's concern not only with the need for refueling fishing fleets and Antarctic whalers (such as the SLAVA) at sea, but also with supplying the entire Soviet Far East with industrial and military fuels. Seaborne POL supplies from the European Soviet Bloc for China have largely originated from Constantza, (although small lots of special products appeared among mixed cargoes from Gdynia and Stettin).

The first attempt by a non-Bloc tanker to bring Rumanian kerosene into a Communist Chinese port since the imposition of the 1951 UN embargo was the trip of the Finnish tanker WILMA whose voyage to Shanghai was terminated at Singapore in February 1953. The cargo was purchased pre-emptively by the US Government and transferred to the USS CAHABA in May 1953. The Polish tanker PRACA (ex-TAVIRA) next attempted to carry the same type of cargo to a Chinese mainland port but was intercepted and captured by Chinese Nationalist naval units in September 1953. In June 1954, the Russian tanker TUAPSE (completed by Denmark for the USSR in 1953) was similarly seized by Chinese Nationalist forces when it attempted to reach a mainland

* Popularly known as the LENINGRAD-class.

port; this seizure caused the return of two other northbound Russian tankers to Singapore and one southbound Russian tanker to Vladivostok. Tankers engaged in carrying fuel to USSR Far Eastern outposts now normally use a track far to the east of Formosa to avoid such interception.

/In March 1955 the Finnish tanker ARUN, chartered by the Far East Enterprising Co., Ltd., Hong Kong, attempted to take a jet-fuel cargo from Constantza to Whampoa. The journey terminated in the Indian Ocean east of Ceylon, however, and the cargo was returned to Odessa, after the crew refused to take the ship into waters controlled by Chinese Nationalist forces./

(2) Routes Currently Followed

For several months after the seizure of the TUAPSE, Soviet cargo vessels avoided Formosa by using the same route east of the Philippines now being used by Soviet tankers. At year's end, however, use was again being made of the South China Sea and Luzon Strait routing on voyages between Europe and the Soviet Far East. Polish and Czech vessels in the China trade from Europe called only at the southern port of Whampoa. Many of these vessels were regular carriers of rubber from Ceylon to Communist China. During 1954 the Polish freighter PULASKI carried the first cargo of rubber from Indonesia to China--6,000 metric tons from Djakarta. Satellite vessels, since the seizure of the TUAPSE, have not called at North China ports, traffic in this area being generally handled by non-Bloc or Soviet flag vessels. Soviet cargo vessels arriving from Europe have normally called at North China ports only. Since the TUAPSE incident, however, they have generally avoided proceeding directly to any Chinese ports from Europe but rather have called first at ports in the Soviet Far East.

b. Departures

One hundred fifty-six Bloc departures of 805,000 GRT represented a total cargo-carrying capacity of 1,209,000 tons and actually carried some 711,620 tons of identified cargo.

c. Significance of Soviet Bloc Shipping Service in the China Trade

(1) Nature of the Service

Service offered to the Chinese by Bloc vessels may be divided into two broad areas: Polish and Czech vessels are used primarily for the long sea voyage between Europe and China, while Soviet flag vessels are usually employed in Sino-Soviet traffic within the Far East.

Much of the cargo carried by Soviet Bloc ships to Chinese ports consists of items which cannot or will not be carried by COCOM flag ships. Soviet Bloc bulk shipments of petroleum products are transported to China either by rail or by Bloc vessels. The latter carried some 150,000 tons of POL to China in 1954. During the past three years Soviet Bloc ships have transported most of the 142,128 tons of Ceylonese rubber to Communist China. Bloc vessels also carry trucks, railroad equipment, and various military supplies from Europe to China.

Goods moving from Polish ports include large quantities exported legally to the European Bloc by Western countries which are then transshipped in Soviet Bloc vessels in frustration of the embargo on export of these goods to Communist China. Polish vessels run virtual shuttle trips between Antwerp, Hamburg, Rotterdam and other western ports to Gdynia-Gdansk, where the partial cargoes are assembled and transshipped to China.

Yet another aspect of services by Bloc vessels is their use in the China coastal trade. This service is rendered (particularly by Soviet vessels) in the "off" season, that is, roughly from October through March when navigation is impossible because of ice in many of the areas in which these vessels would normally operate. Vessels of the Far Eastern Steamship Company and the Sakhalin Steamship Company of the Ministry of the Maritime Fleet of the USSR are known to have participated in this trade.

(2) Evaluation of Importance of the Service

Under existing controls the most important aspect of the service to Communist China rendered by Bloc shipping is the use of such shipping to deliver strategic cargoes to the Chinese. Between one-third and one-half of total Communist Chinese import cargoes carried in Bloc ships in 1954 were goods generally classed as "strategic" - whose export to Communist China is prohibited by the countries of the China Committee. 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. Direct shipments from Free World ports of strategic cargoes of Free World origin (particularly of iron and steel) have been a declining proportion of the total shipments of strategic cargoes during the past three years.

4. Communist China's Port Capacities

Communist China's ports are estimated to have a daily capacity of unloading 158,375 long tons or of loading 113,285 long tons. Seventy-six percent of this total represents the seven major harbor complexes through which significant international ocean traffic moved in 1954. These figures are based on 1950 data, slightly modified to include new facilities. The estimates assume one-way flow of cargo only, and the unloading and loading capacities should not be combined.

The corresponding annual capacities of the principal ocean port complexes would approximate 44,000,000 long tons discharged or 33,000,000 loaded. On arriving at these figures the capability of inland transport facilities to move this quantity of cargo to and from the ports, and the adequacy of storage facilities to maintain this rate over a long period have not been considered. Any limitations of available ocean shipping are also not considered. It is probable, however, that inland transport facilities would set much lower practical limits to these rates of loading and discharging over any sustained period. These estimates, however, represent the quantity of material which could be processed in or out of China's ports by all-out, uninterrupted utilization of ocean port facilities.

Table III

Estimated Daily Capacities of Principal Communist Chinese Ports a/

(Long Tons)

Name of Port	Est. Daily Capacities b/ Unloading	Loading
Principal Ports:		
Shanghai	35,000	26,000
Dairen	30,000	22,500
Tsingtao	20,000	15,000
Tientsin, Tang-ku, Taku	19,500	14,500
Canton and Huang-pu	7,100	5,300
Hankow	5,000	3,750
Nanking	5,000	3,750
Total	121,600	90,800
Secondary Ports:		
Lien-Yun	4,100	3,000
Hu-lu-tao	3,500	2,625
Yu-lin-San-ya, Hainan	3,500	2,600
Chiu-Chiang	2,800	2,100
Chin-huang-tao	2,600	1,950
Wu-hu	2,600	1,950
Amoy(Hsia-men)	2,500	1,850
Pei-li, Hainan	2,100	1,600
An-tung-Sinuiju	1,800	1,350
Port Arthur (Lu-shun)	1,700	1,270
Total	27,200	20,295
Minor Ports:		
Shih-hui-yao (30-12N, 115-07E)	1,730	1,300
Huai-ning (30-31N, 117-02E)	1,025	780
Ch'en-chia-chiang (34-27N,119-47E)	850	640
Swatow (Shan'T'ou)	700	525
Che-foo (Yen-tai)	600	450
Ting-hai (30-01N, 122-06E)	550	415
Other Minor Ports	4,120	3,080
Total	9,575	7,190
Grand Total all Ports	158,375	118,285

a. Includes only ports with loading or unloading capacities greater than 300 tons per day.
b. Estimated general cargo per 20 hours(i.e., normal maximum working hours per day).

5. Comparison of Shipping Capacity and the Volume of Seaborne Cargoes

a. Arrivals

The estimated volume of Communist China's seaborne imports is compared in the following table with the calculated cargo-carrying capacities of the ships which arrived in Communist China. These figures are based on known cargoes where the information is available, and on an allowance (determined from trade patterns or by pro-rating known cargo information) for 189 of 1004 arrivals on which no specific cargo information was available.

Arrivals in China

	Cargo Carried	Cargo Capacity	Percent of Capacity Employed
From Non-Bloc Ports:			
In Ocean-Going Vessels			
From Hong Kong	239,000	1,725,000	14%
From Western Europe	301,000	1,644,000	18
From Japan	137,000	1,640,000	8
All other ports	119,000	560,000	21
In Minor Shipping			
From Hong Kong			
Recorded 77,000 / Unrecorded 7,000	84,000	629,000	13
From other areas (unrecorded)	23,000-28,000	Not known	
From Bloc Ports:			
In Ocean-Going Vessels			
From Soviet Far East	70,000	603,000	12
From Europe	591,000	727,000	81

b. Departures

The following comparison of Communist China's [illegible] exports with the calculated cargo capacities of departures similarly includes allowances for the [illegible] of [illegible] departures on which no specific cargo information was available.

Departures from China

	[illegible]	Cargo Capacity	[illegible]
To Non-Bloc Ports:			
In Ocean-Going Vessels			
To Hong Kong	[illegible]	[illegible]	[illegible]
To Western Europe	[illegible]	[illegible]	[illegible]
To Japan	[illegible]	[illegible]	[illegible]
To Other Areas	[illegible]	[illegible]	[illegible]
In Minor Shipping			
To Hong Kong	[illegible]	[illegible],000 a/	[illegible]
To Macao b/	[illegible]	Not Known	
To Bloc Ports:			
In Ocean-Going Vessels			
To Soviet Far East	[illegible]	547,000	[illegible]
To Europe	922,000	1,193,000	[illegible]

a. Assumed equal to the (calculated) estimated capacity of "arrivals."
b. Exports to Macao are not broken down by junk and land shipments. Since most of the cargo is believed to have moved by junk, the total export figure has been included in the ship-cargo figure.

3. Interior Transport Connections

(See Appendix B for a more detailed discussion of the material summarized here.)

The purpose of this section is to describe the connecting routes other than ocean transport which were significantly used by the Communist Chinese international trade in 1954 - plus (separately) other routes potentially available - to describe the nature of the services they provide, to evaluate their relative importance in foreign trade, and to assess their capabilities.

Communist China's foreign trade over interior transport routes in 1954 moved primarily via connections with: (1) the USSR by railroad, road (very minor), the Sungari River and air; (2) North Korea by railroad and air; (3) Kowloon (Hong Kong) by railroad and road;* (4) North Vietnam by road; and (5) Burma by road (very minor). In addition, other interior routes which might potentially be used for international trade with Communist China (but which were not significant in 1954) provided additional connections for potential traffic with: (1) the USSR by railroad and road; (2) North Korea by road; (3) Burma by road; and (4) India (with which Communist China's overland foreign trade has been primarily local) by trails and by a partially motorable road.

*Water movements between Hong Kong and Communist China are included in the material presented in Sections II, III, and IV,A.

3. Relative Importance of Various Means of Connecting Transport

a. Railroads

Railroads are much the most significant interior transport connections utilized in Communist China's international trade. Very little of China's foreign trade moves by road because of the relative inefficiency of long distance road transport and the lack of suitable roads, facilities and equipment to maintain through truck traffic. The Sungari River is the only significant inland waterway connection between China and her neighbors, and airways do not carry commercially important tonnages. Approximately 95 percent of the total tonnage of Communist Chinese international trade over interior routes moved by rail in 1954.*

The difference in gauge between the railroads of Communist China (standard), the USSR (broad) and North Vietnam (meter) requires the transloading at border stations of freight in transit between any of these countries. The facilities for transloading freight between the USSR and China appear to be well organized; they delay, but do not of themselves limit foreign trade since they appear to be expansible to the extent necessary to match line traffic. No information is yet available on the location or type of transloading facilities available for freight traffic between China and North Vietnam, but there is no reason to believe they are not adequate to cope with the relatively minor throughline capabilities.

*See Section III for estimated overland traffic. Comparisons of overland traffic with interior transportation capability will be found in Section IV.B.3, p. 109.

All international rail shipments in the Sino-Soviet Bloc are governed by the "Agreement on International Railroad Freight Traffic" of 1954 (SMGS). Shipments between Sino-Soviet Bloc countries which must transit a third Bloc country, such as trade between Communist China and the Eastern European Satellites, are subject to the Uniform Tariff Treaty (UTT), which supplements the SMGS. The system established under these agreements is intended to facilitate and stimulate the rail movement of goods between Bloc countries through standardized and simplified procedures, as well as by reduced rates for transit shipments. It is also intended to facilitate the movement of international rail traffic by requiring advance planning of anticipated movement in the country of origin, thereby making possible general planning of intra-Bloc rail movements. (Whether this has had any marked effect in practice is not known.)

b. Roads

Very little trade moves by road between the USSR and Manchuria, between North Korea and Manchuria, or between Kowloon and China proper. There was, however, a small volume of important provincial road traffic moving between USSR and Sinkiang and some minor local traffic over the Chinese-Mongolian border, both of which areas lacked rail connection in 1954. During this year, moreover, highways were the only significant means of trade between North Vietnam and the Communist Chinese, on whom the

Viet Minh forces relied for military supplies. Trade between China and India (via Tibet) is negligible because of the primitive nature of present mountain road and pack-trail connections between these countries. Some China-Burma traffic moves over the Burma road, but operating costs are prohibitive for long distances and the route is currently of commercial importance only for local trade.

c. Inland Waterways

There is practically no current data on the use of the Sungari River for China's foreign trade with the USSR, although some POL shipments are known to have been made from Khabarovsk on the Amur River to Sungari ports. The Sino-Soviet traffic that moves on the Sungari is probably carried entirely by Soviet craft, since it is known that in the past Chinese vessels have not been permitted to enter Soviet territory.

d. Air Routes

Air transportation, which also is available for China's foreign trade with the USSR, North Korea, and North Vietnam (established 1955) is significant principally for speeding up shipments of relatively high-value, low-volume strategic and essential materials and for the movement of key personnel. The actual traffic carried does not represent a commercially significant tonnage.

2. Estimated Capability of Interior Connecting Routes between Communist China and Adjacent Countries, 1951

a. Capability

The term "capability" as applied to railroads and measure of the volume of movement roads* in this paper is defined as a reasonable estimated ~~XXXXX~~ which could be reached on a given transportation segment for a sustained period. Unless otherwise stated, this assumes that all contributing elements, such as locomotives, cars, trucks, personnel, repair and maintenance facilities, etc., are available. Capability is not a maximum in the sense of theoretical capacity of a given line, nor does it represent the actual traffic moving over a given line. It does not take into consideration such potential factors as impact upon adjacent or other lines or road segments either within or outside the area under discussion; changes in or overriding traffic demands from other areas, including the problem of internal distribution of freight received by land or sea; shifts in demands within economic sectors; ability of adjacent countries under varying circumstances to receive or provide an increased tonnage; or policy considerations which might render such capabilities feasible or infeasible as the case might be.

As regards the Trans-Siberian Railroad, the assumption of availability of equipment is reasonable since the amount of motive power and rolling stock required to meet the line's capability would constitute only a relatively small percentage of the equipment available in the USSR. Sufficient railroad equipment

* Inland water and air transport capabilities as estimated in this paper depend directly on the estimated availability of barges and aircraft and are not, therefore, included in this definition of capability.

could be made available in Communist China to fully meet the total capability of the Trans-Siberian Railroad's three connecting lines to Manchuria -- although this would definitely increase the strain on the already intensively utilized Chinese locomotive and rolling stock park. This strain would be further aggravated if upon completion the capability of the Trans-Mongolian line were also to be used simultaneously. There would not, however, be enough freight cars available in the total park in the unlikely event that full capability of lines connecting Communist China with North Korea and with Hong Kong were also utilized simultaneously in addition to that of the lines connecting with the Trans-Siberian Railroad. The physical capacity estimated for roads takes account of normal (average) weather but does not take into account the effects of extreme weather conditions which might impair capability for periods of varying duration. Moreover, an assumption that sufficient trucks would be available to meet the full physical capability of one road is not valid when applied to aggregate road capabilities. It is possible, in the case of some individual roads having fairly low physical capabilities, that sufficient vehicles could be made available to fully utilize this capability. In most cases, however, in view of the number of vehicles necessary to meet road capability (especially for Sino-North Korean traffic), the prohibitive cost of such a venture, the large vehicle deficiencies it would create in the

domestic economies of China and her neighbors, and the absence of apparent requirements for such a scale of movement it is highly improbable that such a course of action would be attempted under any foreseeable circumstances.

b. Railroads

The capability of the railroads to move traffic between Communist China and the USSR during 1954 was limited by the capabilities of the three branch lines which then connected Manchuria with the Trans-Siberian Railroad. These have an aggregate capability to carry approximately 17,500 tons each way per day (EWPD), or 6.4 million tons each way annually. One of these connecting routes, however, the Baranovskiy-Hongui-China route, running from the USSR through North Korea and into Manchuria (via Tumen and Sangsambong) can be used either for Sino-Soviet or Sino-North Korean traffic. Consequently, 4,500 tons EWPD of this route's available railroad capability (the maximum on the section of line in the USSR) is here regarded as a capability for Sino-Soviet traffic and an additional 2,000 tons EWPD is considered available only for trade between Communist China and North Korea, for which the line has a greater capability. In addition to this route, three other lines provide railroad connections between Communist China and North Korea. Were the Baranovskiy-Hongui-China route used to the limits of its capability for Sino-Soviet trade, the North Korean lines would then have an aggregate estimated capability (after completion of rehabilitation) of 16,180 tons EWPD, or slightly less than 6 million tons each way annually, for trade with Communist China. /This is

without regard to the problem of internal distribution of such traffic. It should be noted, moreover, that this relatively large Sino-Korean capability bears no proportionate relationship to Communist China's present trade pattern with North Korea and the USSR. 7

The railroad between Canton and Kowloon (Hong Kong) has an estimated capability for freight traffic of 6,000 tons EWPD, or approximately 2.19 million tons each way annually (10 trains EWPD at 600* tons per train). This train density could be increased by using the facilities in Kowloon for through train movement.

During 1955, two additional rail lines may be used by the Chinese Communists for international trade. The present (1955) rail connection with North Vietnam was not in operation during 1954, but since the restoration of the Hanoi-Langson line in February 1955, approximately 600 tons EWPD, or about 200,000 tons each way annually, could be carried by rail between Hanoi and Langson, where connection is made with the Chinese rail system. The receipt of additional motive power and rolling stock from the French in May 1955, in accordance with the terms of the armistice agreement, would permit this capability to be doubled. Announcements in 1955 that the trackage of the Trans-Mongolia Railroad has been laid are subject to various interpretations. It is certain, however, that this railroad will not be fully operative for a considerable period of time. Its capability when fully operative is tentatively fixed at 7,500 tons EWPD, or 2.7 million tons each way annually.

c. Roads

The estimated physical capability of roads which actually functioned as significant connecting routes between Communist China and

* In light of conflicting evidence this figure is highly tentative.

adjacent countries in 1954 totaled 2850 tons EWPD, or about 1.04 million tons each way annually. This excludes other roads with individual international movement capabilities totalling more than 12,500 tons additional EWPD (some 4.5 million tons each way per year).

Actual foreign traffic movements over these roads, even in the aggregate, were comparatively small in relation both to their estimated capability and to the total volume of international traffic carried by Communist China's sea and rail connections. This is a logical consequence of the relative inefficiency of road transport over the long distances involved in Communist China's foreign trade with her neighbors. The particular regions that would be so involved, moreover, lack the equipment and facilities that would be necessary to maintain any sizable percentage of aggregate (and, in most cases, of individual) physical road capabilities.

The roads between Communist China and the USSR, via Manchuria, Outer Mongolia, and Sinkiang have an estimated maximum physical capacity of 3,200 tons EWPD. This estimate should be reduced, however, by approximately one quarter (to 2,375 tons) to allow for the movement of POL and other supplies required for the operation and maintenance of the vehicles and routes. When so reduced, these roads have the physical capability to sustain almost 870,000 tons of international traffic annually in each direction. It would, however, be extremely difficult to provide sufficient vehicles for any such magnitude of movement and it is highly improbable that it would be attempted unless very

special priorities should be assigned to these routes.

In 1954 only the Sinkiang/USSR road connection is believed to have carried any international road traffic between the USSR and Communist China, and this was confined to trade of the adjacent provinces.

There were no known movements of road traffic between Manchuria and Korea in 1954, although such roads have a high estimated potential capacity, amounting to 14,200 tons EWPD. Even with a reduction of this total by one quarter for essential route and vehicle supplies, the total annual capacity would be 3.8 million tons each way. But the number of trucks needed to sustain such a movement would be so large that it is extremely unlikely that anything approaching this magnitude would ever be attempted under foreseeable circumstances; nor is it likely that such a scale of movement would serve any useful purpose, especially when ample rail capability between the countries appears available.

The road between Communist China and Kowloon (Hong Kong) has a capacity of 400 tons EWPD, which, when reduced for essential supplies, leaves a through-put capability of 300 tons EWPD, or 110,000 tons each way annually. The 6 roads between Communist China and North Vietnam have an estimated aggregate capacity of some 2,000 tons EWPD which, if reduced by one quarter to take into account the need for operating supplies, would leave a net capability of 1,500 tons EWPD or approximately 550,000 tons each way per year.

The two roads between Communist China and Burma, each a difficult though motorable route, have an estimated aggregate capacity of 700 tons EWPD. Reduced by one quarter for essential road and vehicle requirements, there would remain a capability of about 525 tons EWPD, or 190,000 tons each way annually, for international trade. The partially motorable road and pack trails between Communist China and India (via Tibet) are being improved, but still (as of early 1955) have no significant tonnage capability.

d. Inland Waterways

The only inland waterway of significance in Communist China's foreign trade is the Sungari River, which connects with the USSR via the Amur River and has an estimated capability of 800 tons EWPD, based on an average throughout the year, or 290,000 tons each way annually. (Actually this waterway is open to navigation for only 150 to 200 days during the year; and the capability during this season of navigation is about 1,450 tons EWPD.)

e. Air Routes

Available air services have no commercially important capability in terms of volume, although they carry priority passengers, mail and high-value, low-weight commodities associated with Communist China's international commerce.

f. Recapitulation

The following tables summarize the estimated freight traffic capabilities of interior transport routes for Communist China's foreign trade during 1954 - distinguishing between routes actually in use (Table 14, p. 106) and other routes available, some of which would have little practical significance in relation to existing or prospective international traffic patterns. (Table 15, p. 108).

Table 14

Estimated Freight Traffic Capabilities of Interior Connecting Routes Between Communist China and Adjacent Countries in Use in 1954 a/ b/

(In Metric Tons, Each Way)

Route	Railroad c/		Road d/		River		Total	
	Per Day	Per Year (Mil)	Per Day	Per Year (Mil)	Per Day	Per Year (Mil)	Per Day	Per Year (Mil)
In Use During 1954								
Connecting with the USSR								
Tarskiy-Manchouli-Harbin	6,500	2.40					6,500	2.40
Voroshilov-Suifenho-Harbin	6,500	2.40					6,500	2.40
Trans-Sinkiang			750	.27			750	.27
Amur-Sungari					800	.29	800	.29
Sub-total	13,000 e/	4.8 e/	750	.27	800 h/	.29	14,550	5.36
Connecting with North Korea								
Tumen-Mutanchiang f/	1,500	.55					1,500	.55
Sangsambong-Yenchi-Changchun f/	500	.18					500	.18
Manpojin-Chian-Ssuping	5,450	1.99					5,450	1.99
Chongju-Namsan-ni-Tsaohokou	2,180	.80					2,180	.80
Sinuiju-Antung-Mukden	6,550	2.39					6,550	2.39
Sub-Total	16,180	5.91					16,180	5.91
Connecting with Kowloon (Hong Kong)	6,000 g/	2.19 g/	300	.11			6,300	2.30
Connecting with North Vietnam			1,500	.55			1,500	.55
Connecting with Burma			300	.11			300	.11
Total	35,180	12.90	2,850	1.04	800 h/	.29	38,830	14.23

(Footnotes on following page)

Footnotes - Table 14

a. For definition of term "capability," see Para. 2a of Section IV, B, p. 99.
b. Table excludes air transport which had no commercially significant tonnage capability.
c. Reduced for essential domestic (civilian and military) and line operating requirements.
d. Reduced for operating requirements. Takes account of normal (average) weather in the localities traversed, but does not take into account the effects of extreme weather conditions which might impair capability for periods of varying duration.
e. Neither of these totals includes the capability of Trans-Siberian Railroad on which the connecting lines shown are dependent for Sino-Soviet traffic.
f. 4,500 tons EWPD of the combined capability of the Sangsambong-Yenchi-Changchun and Tumen-Mutanchiang lines has been arbitrarily allocated to the Baranovskiy-Hongui-China route (see Table 15, p. 107.)
g. In light of conflicting evidence this figure is highly tentative.
h. Like the other figures in this table this "daily" capacity represents the average over the year. Actually this waterway is open to navigation for only 150 to 200 days during the year, and the capability during this season of navigation is about 1,450 tons EWPD.

Table 15

Estimated Freight Traffic Capabilities of Potential Interior Connecting Routes Between Communist China and Adjacent Countries in 1954 a/ b/

(In Metric Tons, Each Way)

Potentially Available During 1954	Railroad Per Day	Railroad Per Year (Mil)	Road Per Day	Road Per Year (Mil)	River Per Day	River Per Year (Mil)	Total Per Day	Total Per Year (Mil)
Connecting with the USSR								
Baranovskiy-Hongui-China	4,500 c/	1.60 c/					4,500	1.60
Trans-Mongolian	d/	d/	75	.03			75	.03
USSR-Manchuria			1,200	.44			1,200	.44
Trans-Sinkiang			350	.13			350	.13
Sub-total	4,500	1.60	1,625	.60			6,125	2.20
Connecting with North Korea								
Chongjin-Hoeryong-Tunghua-Mutanchiang			1,725	.63			1,725	.63
Wonsan-Linchiang-Tunghua			975	.35			975	.35
Pyongyang-Manpojin-Chian-Changchun			1,725	.63			1,725	.63
Chongju-Namsan-ni-Tunghua			1,725	.63			1,725	.63
Pyongyang-Sinuiju-Antung-Mukden			4,500	1.54			4,500	1.54
Sub-total			10,650	3.78			10,650	3.78
Connecting with North Vietnam	e/	e/						
Connecting with Burma			225	.08			225	.08
Connecting with India via Tibet			f/					
Total	4,500	1.60	12,500	4.46			17,000	6.06

(Footnotes on following page)

Footnotes - Table 15

a. For definition of term "capability," see Para. 2a of Section IV, B, p. 99.
b. Table excludes air transport which was not capable of carrying commercially significant tonnages.
c. This route's capability is higher for traffic between North Korea and China than for Sino-Soviet trade; 4,500 tons EWPD was assigned to the latter function.
d. Line not completed in 1954. Upon completion its capability is tentatively estimated at 7,500 tons EWPD, or 2.7 million tons each way annually.
e. Hanoi-Lang Son rail line not restored in 1954. Capability since completion in early 1955 is estimated at 600 tons EWPD or .22 million tons each way annually.
f. No commercially significant tonnage capability.

3. Comparison of Overland Trade and Capability of Interior Transportation Connections

The capability* of interior transportation connections between Communist China and adjacent countries exceeded considerably the overland shipments in Communist China's foreign trade during 1954. The Tarskiy-Manchouli-Harbin and the Voroshilov-Suifenho-Harbin Railroad routes, which connect with the Trans-Siberian Railroad in the USSR, carried by far the bulk of Communist China's overland foreign trade. Trade carried on these routes and on the inland waterway and roads between Communist China and the USSR amounted to 5 million tons (1.8** million in imports and 3.2** million in exports), leaving an unused capability of 3.5 million tons for imports and 2.1 million tons for exports.

Greatest unused capability existed between Communist China and North Korea where there was an unused capability of 5.8

*For definition, see p. 99.
**Including overland trade with the European Satellites which necessarily had to transit the USSR.

million tons for imports and 4.9 million tons for exports. The unused railroad and road capability between Communist China and Kowloon (Hong Kong) was considerable - at 2.3 million tons for imports and 2.2 million tons for exports. Much smaller unused capabilities existed between Communist China and North Vietnam (.5 million tons each for imports and exports) and with Burma (.1 million tons each for imports and exports).

In addition, several interior connections between Communist China and adjacent countries were available which carried no significant volume of international trade in 1954, but represented potential routes for future international trade. These routes provide additional connections with: (1) the USSR by railroad and road; (2) North Korea by road; and (3) Burma by road. The capability of these potential routes added to the unused capability of routes that were actually used during 1954 bring the total unused capability to 5.75 million tons for imports and 4.3 million tons for exports for Communist China's trade with the USSR and Eastern Europe, 9.6 million tons for imports and 8.7 million tons for exports for trade with North Korea, and .2 million tons each way for trade with Burma. An additional supply of equipment, personnel, and servicing facilities would have to be made available in order to utilize these capabilities.

Table 15a

Comparison of Estimates of Communist China's 1954 Overland Trade and Inland Transportation Capabilities 1/
(In millions of metric tons)

Between Communist China and:	1 Total Capabilities of Routes Used in 1954 2/	2 1954 Overland Shipments 3/	3 Unused Capabilities of Routes Used in 1954 4/	4 Capabilities of Additional Routes not Used in 1954 5/	5 Total Unused Capabilities 6/
USSR, EuSats					
Imports	5.36 7/	1.81 8/	3.55	2.20 10/	5.75
Exports	5.36 7/	3.21 9/	2.15	2.20 10/	4.35
North Korea					
Imports	5.90 11/	.10	5.80	3.78 12/	9.58
Exports	5.90 11/	1.00	4.90	3.78 12/	8.68
Kowloon (Hong Kong)					
Imports	2.30 13/	.01	2.29	--	2.29
Exports	2.30 13/	.10	2.20	--	2.20
North Vietnam					
Imports	.55 12/	.01	.54	--	.54
Exports	.55 12/	.04	.51	--	.51
Burma					
Imports	.11 12/	negl.	.11	.08	.19
Exports	.11 12/	negl.	.11	.08	.19

1. Excludes air transport which was not capable of carrying commercially significant tonnages.
2. See definition of capability in Section IV, B, p. 99 and for data see Table 14, Section IV, B, p. 106.
3. Data from Section III, p. 52, ff.
4. Column 1 minus Column 2.
5. Data from Table 15, Section IV, B, p. 107.
6. Column 3 plus Column 4.
7. Includes 4,800,000 tons for railroads, 270,000 tons for roads, and 290,000 tons for inland waterways.
8. Includes 1,700,000 tons from the USSR and 110,000 tons from EuSats.
9. Includes 3,100,000 tons for the USSR and 110,000 tons for EuSats.
10. Includes 1,600,000 tons for railroad via North Korea and 600,000 tons for roads.
11. Railroads only.
12. Roads only.
13. Includes 2,190,000 tons for railroads and 110,000 tons for roads.
14. Comparison of estimated overland shipments with total capabilities of all routes is inappropriate, since the capabilities of routes in most cases are not interchangeable or additive.

V. Assistance to the Sino-Soviet Bloc by Non-Bloc Shipping and Shipping Services

A. Total Involvement of Non-Bloc Vessels (including Chinese Coastal Movements)

The "involvement" figures in this section were arrived at by totaling the number of ships en route to or from, or in Chinese Communist ports for a given month and adding those ships engaged exclusively in the coastal trade during the same period. A ship is considered to be involved throughout the whole of any scheduled voyage which includes a call at a Chinese port. Involvement is thus a measure of the shipping available in whole or in part for carrying Communist China's internal or foreign trade. Involvement figures do not include ships normally engaged in Communist Chinese trade while these are temporarily laid up for repairs or other causes. These totals are given in Table 16 (p. 111) with further details in Tabs C-1 through C-6. During 1954 the monthly involvement of non-Bloc vessels averaged 134 ships totaling 816,000 GRT, which represents an 18 percent increase over 1953 when the non-Bloc involvement averaged 115 ships of 690,000 GRT per month.

B British-registered ships again made up about half the non-Bloc gross registered tonnage involved. Norwegian ships constituted the second largest grouping with about 9 percent of the total non-Bloc involvement. Japanese, Finnish, and Swedish were the other principal

TABLE 16

hipping - Summary of Involvement in Communist Chinese Trade a/
1954

	Non-Bloc Total			Soviet Bloc			GRAND TOTAL	
Percent of Total GRT (Thousand tons)	Number (Units)	GRT, (Thousand tons)	Percent of Total GRT (Thousand tons)	Number (Units)	GRT, (Thousand tons)	Percent of Total GRT (Thousand tons)	Number (Units)	GRT, (Thousand tons)
2	114	658	67	59	322	33	173	980
3	115	696	67	61	339	33	176	1035
3	128	765	75	47	261	25	175	1026
3	127	778	79	39	219	21	166	997
3	139	886	78	45	258	22	184	1144
2	134	831	79	39	216	21	173	1047
2	134	832	83	32	178	17	166	1010
1	139	867	85	28	152	15	167	1019
2	144	892	86	27	148	14	171	1040
3	133	824	84	30	156	16	163	980
1	143	867	79	43	227	21	186	1094
1	155	855	76	53	288	25	208	1143
2	134	816	78	42	230	22	176	1046

ss registered tons. For interpretations of numbers that are included on this page, ie Appendix. A ship may appear in more than one month provided she is "involved," nth regardless of the number of voyages made.

flag vessels involved in 1954. It should be noted that the gross registered tonnage of Japanese vessels involved in the trade increased almost steadily from 22,000 in January to 77,000 in December.

B. Scheduled Voyages of Non-Bloc Ships

During 1954 a total of 125 arrivals totaling 1,005,099 GRT were made by vessels operated by companies advertising scheduled voyages to the Far East, including calls at Communist Chinese ports. This amounts to a 50 percent increase over the 1953 figures. Arrivals of vessels under the British flag constituted 51 percent of the gross registered tonnage of these scheduled voyages. Other vessels making scheduled voyages to Communist China flew the Danish, French, Norwegian, Dutch, and Swedish flags. (Table 17, p. 113)

C. Charter of Non-Bloc Vessels

Introduction. A total of 828 non-Bloc vessels, with a GRT of 3,708,000 have been identified as chartered by the Soviet Bloc during 1954. While there is some obscurity with respect to the total number of chartered ships in 1953, the above figures are known to represent a substantial increase. Eighty-seven of these vessels with a GRT of 552,473 (15 percent of the total) have been identified as chartered specifically for the China trade - representing about one-third of the total shipping involved in such trade. (see Table 15, p. 114)*

Known chartering for the Soviet Bloc for the China trade has been carried out primarily by the Polish and Czechoslovakian

* Note. Since information on charters is limited, these totals are considered to be incomplete and the actual figures are believed to be considerably larger. Only positively identified charters have been included.

Table [illegible]

Shipping - Non-Bloc Merchant Vessels Engaged in
Scheduled Voyages, Europe-China, by Owner
and by Registry Arrivals
During 1954

Company	Flag	Vessels Number	Vessels GRT
A. Holt & Co., Liverpool	British	42	[illegible]
Peninsular & Oriental Steam Navigation Co., London	British	15	113,008
Vereenigde Nederlandsche Shipping Co., The Hague, Netherlands	Dutch	14	106,582
Wilh. Wilhelmsen, Oslo	Norwegian	15	104,061
Compagnie des Messageries Maritimes, Paris	French	13	98,549
A/S Det Ostasiatiske Kompagni, Copenhagen	Danish	10	91,670
A/B Svenska Ostasiatiska Kompaniet, Gothenburg	Swedish	10	80,007
Ellerman Lines, Ltd., London	British	6	48,[illegible]
		125	[illegible]

TABLE 18

Shipping - Non-Bloc Vessels On Charter To The Soviet Bloc[a] 1954

Country of Registry	Number of Vessels[b]	Gross Registered Tonnage (In Thousands of Tons)
Argentine	7	46
Belgium	1	6
British	130	550
Costa Rican	[illegible]	30
Danish	20	150
Netherland	20	130
Egyptian	2	6
Finnish	60	270
French	6	60
West German	70	180
Greek	30	160
Honduran	2	10
Italian	100	515
Indian	[illegible]	50
Iceland	6	30
Japanese	5	28
Liberian	12	70
Norwegian	150	575
Panamanian	92	490
Swedish	70	250
Swiss	5	28
Turkish	20	100
TOTALS	920	3,705

a/ - This table represents approximate figures only.
b/ - Vessels under 1,000 gross registered tons have been excluded.

chartering agencies Czechofracht and Polfracht although agencies in other Bloc countries were also engaged in chartering activities. It should be noted, however, that in addition a large proportion of the ships chartered for the China trade have been chartered by well established non-Communist firms in the Far East as well as by a number of Communist-Chinese-controlled agencies in Hong Kong. Of the latter group the most prominent is the Far East Enterprising Co., Ltd. discussed on pages 119-120 below.

Significance. The extent of the service provided to the Soviet Bloc by chartering is difficult to assess, as the nature of individual charters varies greatly. Thus a ship may be chartered for a single trip, for a round trip, or for periods varying from one month to a year. Nevertheless, since a vessel under charter is (in effect) part of the charterer's shipping pool, it can be said that the Soviet Bloc's available merchant fleet was increased in practice, for varying periods during 1954, by a total of 828 ships with a GRT of 3,708,000. In comparison with the limited amount of total Bloc shipping available (771 vessels with a GRT of 2,600,000), this is an extremely substantial increase.

D. Significance of Non-Bloc Shipping in the China Trade

1. Nature of the Service

The services provided by non-Bloc vessels fall into two broad categories: (a) charter and (b) liner. By charter is meant

the lease of the vessel for a given trip, or series of trips, generally with full cargoes, while by liner is meant the service provided by vessels which operate on regularly scheduled runs, and which generally book space or cargo for each port of call. The latter category includes vessels which may, or may not, discharge or load in any given port. The service provided is thus hard to determine with accuracy without access to ship's papers or cargo manifests. Yet, in the over-all picture vessels engaged in liner service add materially to the benefits accruing to Communist China's trade patterns, for they provide a degree of regularity which enables the Chinese to book space, and deliver cargoes as they become available for shipment, both inbound and outbound, without the necessity of chartering an entire vessel.

For various reasons a number of vessels arriving in Communist China carry either no cargo or only partial cargoes. Such cases reflect the heavier bulk of Chinese export cargoes, a number of liner calls, and increased participation of non-Bloc shipping in Chinese coastal trade.

The liners arrive at regular intervals, but by the nature of their service seldom if ever load or discharge full cargoes in any one port. Hence liners contribute to the trade picture primarily by the regularity of the service provided in contrast with the carriage of complete shiploads of bulk cargoes characteristic of tramp steamers.

British registered vessels accounted for some 54 percent of the GRT of non-Bloc arrivals and for 13 of the 14 non-Bloc vessels engaged in the Chinese Communist coastal trade so far as can be determined. Chinese ports north of Swatow and south of Nimrod Sound were served in 1954 entirely by non-Bloc vessels - of which there were 57 arrivals (150,000 GRT). (See Tab A-5) Hong Kong based vessels, engaged in regular scheduled trips between that port and Swatow and/or other ports on the China coast complete the carriage to Communist China of large quantities of goods from other areas, especially Western Europe. In 1954, for example, there were 194 arrivals of non-communist vessels in Swatow alone, totaling 491,000 GRT. These were largely coastal-type vessels operating out of Hong Kong. On the other hand, the majority of arrivals of non-Bloc vessels of all types in Communist China were in North China ports, of which the Tientsin-Tan ku-Taku Bar complex received 167 non-Bloc arrivals of 877,000 GRT and Shanghai 164 arrivals of 864,000 GRT.

Non-Bloc vessels were also of material assistance in enabling the Chinese Communists to fulfill trade agreements they have made with non-Bloc countries. For example, Japanese vessels carried coal to Pakistan as part of the coal-cotton agreement, while rice was carried to Ceylon by chartered non-Bloc vessels as part of the rice-rubber agreement.

2. Evaluation of the Importance of the Service

From the statistical tables in the Appendix it is clear that in 1954, as in previous years, non-Bloc shipping made a significant contribution to Communist Chinese transport requirements. Despite the fact that Poland and the Soviet Union have increased their dry-cargo fleets by about 11 percent in gross registered tons over the past year there still are no large amounts of Bloc shipping available to assume the burden of supplying Communist Chinese needs, should non-Bloc service be terminated. Should the Chinese Communists be deprived of the services of the 846 arrivals made by non-Bloc ships in 1954, it would be impossible for them to replace this tonnage with the same amount of shipping on reserve in other Bloc countries. The restrictions placed by most western nations on their shipping in relation to the China trade, however, create difficulties for the Chinese in arranging charters for the carriage of strategic cargoes.

The Communist Chinese merchant fleet is old and slow, and inadequate to meet the demands even of Communist Chinese coastal traffic. In an effort to augment coastal service, Chinese utilize both non-Bloc and Bloc vessels as they may be available. Many coastal ports in Chekiang and Fukien provinces could not be adequately supplied were it not for non-Bloc shipping since these two mountain-backed provinces are notably lacking in rail facilities and some minor ports are not even connected with the interior by road.

The USSR and particularly Poland have allotted to Communist Chinese trade all the shipping they can spare under present circumstances from other essential employment. A large number of vessels flying the Polish flag and operating under the control of the joint Chinese-Polish Shipbroking Co. Ltd. are constantly engaged in trading between Eastern Europe and Communist China. The status and ownership of these vessels are discussed more fully in section V H 1 below.

It is, however, obvious that Communist China will be dependent upon non-Bloc shipping for the larger part of her seaborne commerce for a long time to come. Even though non-Bloc vessels transport primarily non-strategic cargoes, and the carriage of goods by sea to China is regulated by COCOM countries for ships of their flag by voyage licensing or other similar regulations, they are nevertheless making a definite contribution to the growth of the Chinese Communist economy. Should these vessels no longer be available to the Chinese Communists an additional burden would be placed on the inland Chinese distribution system already heavily taxed. Furthermore, since most commodities exported from China are bulky and of low value the Chinese Communists might also find themselves considerably inconvenienced in the carriage of these goods if Western ocean shipping were not available.

E. Non-Bloc Deliveries of Ships to the Bloc

By acquiring new and second-hand ships from non-Bloc countries, by placing Bloc ships for repair in non-Bloc yards (as well as by chartering ships from non-Bloc countries) the Sino-Soviet Bloc has offset a major portion of the limitations of its own maritime transport facilities and enabled part of its combined shipping tonnage to be employed for carrying goods to and from China.

During 1954, 18 merchant ships totaling 52,894 GRT* (including 5 tankers of 5845 GRT and 13 dry cargo vessels of 47,049 GRT) were delivered to the Soviet Bloc from non-Bloc shipyards; and 11 second-hand ships totaling 55,432 GRT** were sold to the Bloc by Western shipowners. (see Table 19, pp. 121-124) Of the 18 ships constructed for the Bloc, 11 (including all five tankers) were built in Finland, 4 in Belgium, and 3 in the Netherlands. Seventeen of these new ships were delivered to the Soviet Union and one, the LIDICE, which was originally ordered by Communist China, was delivered to Czechoslovakia.

One of the more noteworthy events of 1954 was the initial observation of a new class of Soviet tanker, of 8,000 GRT each. Fifteen of these new tankers have been observed to date, most of which were built in shipyards which had previously been producing only combatant naval vessels.

* Note: Of 1000 GRT and over. If coasters of over 100 GRT, fishing vessels, tugs, icebreakers and dredges are included these figures rise to 70 vessels totaling over 100,000 GRT.

** This includes the Stanpool and Aragona which are considered to be "second-hand" ships for the purpose of this discussion because they were originally constructed for non-Bloc account. They are, however, "new vessels" in that they had not been placed into normal service before sale to the Bloc.

TABLE 19

SHIPS AND SERVICES ACQUIRED BY THE SOVIET BLOC FROM THE WEST DURING 1954

I. Soviet Bloc Purchases, Second-Hand Ships:

MONTH	NEW NAME	Bloc Registry	Former Name	Former Registry	GRT
Jan	JULIUS FUCIK	Czech	VOLTA	Fr	5243
Jun	BALTICA	USSR	SAGALAND	Nor	3989
Jun	ANTARCTICA	USSR	MANNY	Nor	3960
Apr	ATLANTICA*	USSR	ARAGONA	Swed	5472
Jun	SOVETSKAJA ARTIKA	USSR	STANHOPE	Brit	6034
Jun	BOGDAN KHMELNITSKY	USSR	STANPOOL	Brit	7351
Jun	EDWARD DEMBROWSKY	Pol	SVEN SALEN	Swed	4892
Sep	ZAPOLJARJE	USSR	STANBURN	Brit	5575
Nov	MARIANNE BUCZIK	Pol	QUEEN ANNE	Brit	7063
Nov	BOLESLAW PRUS	Pol	NORDPOL	Dan	4516
Dec	KHARLOV	USSR	INGER	Fin	3437
		11 ships			55,432

* These two ships were actually new when acquired by the Bloc - as they had not previously been placed in normal operation. They are here listed, however, as second-hand, since they were not constructed for Bloc account.

TABLE 19 (Cont)

II. Soviet Bloc Deliveries, New Dry Cargo and Tank Ships from Non-Bloc Shipyards a/

Belgium to USSR	VISSARION BELINSKY		1712
	ALEXANDER RADISCHEV		1712
	NIKOLAI NEKRASOV		1712
	NIKOLAI DOBROLOBOV		1712
	4 ships		6848
Finland to USSR	KARTALY	Tk	1169
	ORSK	Tk	1169
	ARKAVIH		2491
	BUDENNOVSK		2370
	VOROSHILOVSK		2491
	NOVINSK	Tk	1169
	AZNEFT	Tk	1169
	GROZNEFT	Tk	1169
	VOROSHILOVGRAD		2370
	STALINO		2370
	10 ships		17937
Finland to Czechoslovakia	LIDICE		5600
	1 ship		5600
Netherland to USSR	LIRIA		7503
	03		7503
	ENISEI		7503
	3 ships		22509
	GRAND TOTAL: 18 ships		52,394

a/ Vessels less than 1,000 gross registered tons are excluded as well as one 1,055 gross ton suction dredger built in the Netherlands.

TABLE 19 (Cont)

III. Soviet Bloc Ships Under Repair In Non-Communist Shipyards

COUNTRY	NAME	FLAG	GRT	ARRIVED	DEPARTED
Aden	BALTYK	PH	6983	25 Jan 54	3 Feb 54
ALEXANDRIA	BUDAPEST	HU	485	27 Jan 54	27 Mar 54
	MIKOLAJ REJ	PH	5614	21 Jul 54	20 Sep 54
	SZEGED	HU	594	3 Feb 54	13 Mar 54
BELGIUM	BEREZINA	RM	3087	16 Nov 54	18 Sep 54
	IVAN POLZUNOV	RU	7176	9 Mar 54	3 Apr 54
	JEDNOSC	PH	7022	4 May 54	17 Jul 54
	KOSCIUSZKO	PH	7707	7 Apr 54	1 Jun 54
	PRZYSZLOSC	PH	7196	8 Dec 54	
	TURNIA	PH	666	4 Aug 54	8 Oct 54
CEYLON	KEMEROVO	RU	3816	12 May 54	27 May 54
DENMARK	BOLESLAW PRUS	PH	4516	16 Oct 54	5 Nov 54
	BRATERSTWO	PH	7836	27 Feb 54	14 Apr 54
	SEVASTOPOL	RU	7176	11 Apr 54	12 Jun 54
FRANCE	KOLOBRZEG	PH	2878	7 Jul 54	9 Sep 54
GIBRALTAR	HYTOM	PH	5977	20 Oct 54	31 Oct 54
	FRIEDRICH ENGELS	RM	3972	4 Feb 54	13 Feb 54
HONG KONG	CURIE SKLODOWSKA	PH	4366	29 Sep 54	21 Oct 54
	WARYNSKI	PH	4341	30 Oct 54	5 Dec 54
INDIA	ARMAVIR	RU	2491	9 Aug 54	23 Sep 54
	GOMEL	RU	1194	29 Jun 54	14 Jul 54
	OLENSK	RU	1194	30 Jun 54	14 Jul 54
ITALY	ANDREJ ANDREEV	RU	2847	2 Nov 52	7 May 54
	CHIPKA	RU	2304	5 Dec 53	29 Sep 54
	DIMITRIJ POZHARSKIJ	RU	6267	1 Dec 53	
	KUBAN	RU	7176	4 May 54	17 Jun 54
	MIKHAIL KUTUZOV	RU	7176	23 Feb 54	10 Mar 54
	PSKOV	RU	7176	19 Feb 54	13 Apr 54
	SEMAN DEZHNEV	RU	3576	20 Feb 54	
	SURIKOV	RU	5671	19 Jan 54	14 Feb 54
JAPAN	ADMIRAL SENYAVIN	RU	4124	9 Dec 53	23 Nov 54
	KOLYMA	RU	1528	14 Aug 53	10 Mar 54
	PETROZAVODSK	RU	3393	30 Aug 53	5 May 54
	SEVZAPLES	RU	3974	3 Jul 53	28 Feb 54

TABLE 19 (Cont)
III. Soviet Bloc Ships Under Repair in Non-Communist Shipyards (Cont)

COUNTRY	NAME	FLAG	GRT	ARRIVED	DEPARTED
MALTA	ARDEAL	RM	5695	10 Sep 54	20 Sep 54
NETHERLANDS	KORSAKOV	RU	2770	1 Aug 52	
	MENDELEEV	RU	5976	30 Dec 53	20 Aug 54
	VOLGA	RU	2847	6 Oct 53	26 Oct 54
NORWAY	KARA	RU	2325	7 Dec 54	
PORT SAID	DIMITER KONDOV	BU	719	22 Feb 54	12 Mar 54
	KEMEROVO	RU	3816	20 Mar 54	23 Apr 54
UNITED KINGDOM	BALTYK	PH	6983	30 Jun 54	14 Oct 54
	BATORY	PH	14,287	6 Jan 54	18 Jan 54
	BATORY	PH	14,287	15 Sep 54	23 Sep 54
	BIALYSTOK	PH	7173	23 Aug 54	8 Nov 54
WEST GERMANY	ALEKSANDR SURVOROV	RU	7176	15 Apr 54	22 May 54
	ASKOLD	RU	7176	23 May 54	18 Jun 54
	CZECH	PH	3649	14 Oct 54	24 Oct 54
	ELBLAG	PH	1285	28 Nov 54	
	FRIEDRICH ENGELS	RM	3972	23 Feb 54	20 May 54
	FRYDERYK CHOPIN	PH	8024	9 Feb 54	30 Mar 54
	JULIUS FUCIK	CZ	5143	19 Jul 54	11 Aug 54
	LIGOVO	RU	7176	13 Apr 54	19 Nov 54
	POKOJ	PH	4984	7 Oct 54	1 Nov 54
	REPUBLIKA	CZ	6419	9 Oct 54	28 Oct 54
	SOVETSKAYA GAVAN	RU	7176	27 Mar 54	10 Apr 54
	STALINABAD	RU	7176	7 May 54	10 Jun 54
	TAMBOV	RU	2902	6 Nov 54	
	TUNGUS	RU	7194	13 Dec 54	
	WARSZAWA	PH	6021	1 Mar 54	12 Apr 54
	WSPOLPRACA	PH	6208	19 Apr 54	30 May 54

TOTAL	No	GRT
	61	310,058

thus the increasing needs of the Soviet Bloc for additional tankers together with the COCOM embargo of this type of vessel have been reflected in the diversion of some shipbuilding facilities from naval construction to the building of tankers. However, although these are not at present used purely as merchant tankers, and do not meet the requirements of western navies for fleet auxiliaries, they could in war be used by the Soviet Navy in this role despite their moderate size and speed.

The Sino-Soviet Bloc's acquisition of 49 new and second-hand merchant vessels totaling some 100,000 dwt from Western countries during 1954 contributed 32.6 percent to the total increase in Bloc merchant shipping during the year. This substantial contribution greatly eases the load that might otherwise be placed upon Soviet ship construction facilities, leaving these in much better position to concentrate on the building of naval vessels.

Of particular significance is the fact that ship construction provided for in trade agreements and orders placed in Western European shipyards will sharply increase the over-all deliveries of ships constructed in Western Europe for the Bloc (including those under 1,000 GRT) from 100,000 GRT in 1954 to an estimated 232,000 GRT in 1955 and 284,000 GRT in 1956. Deliveries of ships over 1,000 GRT from non-Bloc shipyards to the Soviet Bloc are estimated as rising from 50,000 GRT in 1954 to 160,000 GRT in 1955 and some 200,000 GRT by 1956.

The tabulation of the Soviet Bloc merchant fleet (excluding Communist China) as of 31 December 1954, shows 780 vessels (over 1,000 GRT) totaling 2,660,000 GRT. (see Table 20, p. 126) These figures include a number of vessels which have not been heard of for some years, and it is believed that the ships

TABLE [illegible]

[illegible] [a]

	Combinations [b]		Freighters		Tankers		[illegible]		[illegible]	
	Number	GRT (Thousands of tons)	Number	GRT (Thousands of tons)	Number	GRT (Thousands of tons)	Number	GRT (Thousands of tons)	Number	GRT (Thousands of tons)
U.S.S.R.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	256	[illegible]	[illegible]	625	2309
Poland[a]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	12	[illegible]	[illegible]	5	[illegible]
Communist China	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1	[illegible]	[illegible]	[illegible]
Rumania	3	16	[illegible]	[illegible]	-	-	[illegible]	[illegible]	8	[illegible]
Bulgaria	-	-	[illegible]	[illegible]	-	-	-	-	5	[illegible]
Czechoslovakia	-	-	[illegible]	[illegible]	-	-	-	-	3	17
East Germany	-	-	[illegible]	3	-	-	-	-	2	3
Hungary	-	-	2	2	-	-	-	-	2	2
TOTAL	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

a/ - Vessels of less than 1,000 gross registered tons are excluded.

b/ - Carry both passengers and cargo.

-126-

CONFIDENTIAL

presently available for the carriage of cargo and passengers number only about 750, with a gross tonnage of 2.5 millions. Though this fleet is inadequate for present Bloc needs the above figures represent an increase of 10 percent over those for 1953. Still included in this total are 83 US-owned Lend Lease vessels totaling 518,000 GRT to which the USSR has no legal title or right whatsoever, but which she steadfastly refuses to return. The over-all adequacy of the Soviet merchant fleet, however, should be viewed in the light of the large number of over-age ships (about 40 percent of Soviet Bloc ships are 30 years of age or older). Moreover, it is estimated that 25 percent of the Soviet fleet is undergoing or awaiting repairs at any one time.

F. Non-Bloc Repairs to Soviet Bloc Vessels

Repairs to Soviet Bloc vessels in non-Bloc yards frequently entail major repairs or overhauls which consume considerable time and which would divert materials, facilities and skilled labor from naval construction if they had to be accomplished in Bloc shipyards. During 1954, 61 Bloc ships totaling 310,058 GRT were under repair in non-Bloc shipyards as compared with 46 ships totaling 204,633 GRT in 1953 (see Table 13).

G. Bunkering

The principal bunker controls which the Free World applies to the China traffic involve the supply of POL (fuel oil, lubricants) at bunker stations controlled by the U. S. (chiefly Caltex and Stanvac) or the UK (Shell, BP and AIOC). Except in cases where the bunker controls of the two countries differ, bunkers denied by U.S. companies to a ship engaged in trade with China have also been denied by UK companies. As an example of such differences in controls, however, the U.S. denies bunkers to vessels carrying rice to Ceylon as part of the Sino-Ceylonese rice-rubber agreement but the UK does not; and in consequence these vessels have secured fuel from UK-controlled facilities.

Another important difference between U.S. and U.K. controls is that which permitted the Wergus, on a China-bound journey in 1955 for delivery to new Communist Chinese owners (and therefore constituting a "strategic commodity" in itself) to receive bunkers by U. K. stations. It later developed that the cargo of this vessel, originally described as sugar, actually also included a consignment of ball bearings to the Chinese Communists. This information was not available, however, at the time the ship was bunkered at Singapore - illustrating the difficulty in applying bunkerage controls.

The number of occasions on which vessels en route to Communist China with strategic materials were bunkered from Western supplies is difficult to compile because of the ease with which such cargoes can be concealed. Known evasions of bunker controls, however, have included ship-to-ship bunkering incidents (at Djibouti and Saigon) and supply in Indonesia (Balikpapan) of bunkers to China-bound ships calling there with

strategic cargoes. POL bunkerage has sometimes been supplied in drums, apparently to facilitate refueling of other ships in Chinese ports. Numerous ships, particularly Bloc ships, are suspected of having discharged excess bunker in Chinese ports.

H. Evasion of Controls

The differential in export controls between shipments to the European Bloc and shipments to Communist China has lent itself to fairly easy circumvention by transshipments. 1/ Embargoed commodities which move to Communist China from Free World countries participating in control agreements have ordinarily been first consigned to a European Bloc port such as Gdynia and there reloaded on a China-bound vessel. Direct shipments of strategic commodities to China and control circumventions have also taken place in Western European free ports and transshipment points such as Antwerp, Rotterdam, and Hamburg, and in Far Eastern entrepots, such as Macao. 2/ (See Sec. II, C, 2, b)

1. With the widening of the differential between COCOM controls on trade with the European Bloc and trade with Communist China, by large-scale relaxation of the former on 16 August 1954, the opportunities for circumventions of control by transshipment and reconsignment increased significantly.

2. The Transit Authorization Certificate (TAC) system, designed to preclude the use of free ports in COCOM countries for evasions of the embargo of selected IL-I commodities, was not put into effect until 16 January 1955. The US and Canada have been enforcing more comprehensive financial and transaction controls since 1953 and 1954 respectively. The UK has for several years exercised transshipment controls over selected commodities, including all on IL-1; and effective 7 January 1955 has also adopted transaction controls for all IL-1 commodities.

Although such an extensive system of control as is represented by international agreements in the Coordinating Committee (COCOM) and the China Committee (CHINCOM) inevitably leads to occasional accidental infractions, there are a considerable number of cases which clearly represent well-organized efforts to circumvent the control system. The total magnitude of such efforts cannot be quantitatively measured, but the following are illustrative of the size and complexity of such organized arrangements.

1. CHIPOLBROK

The Chinese-Polish Shipbrokers' Company, Limited (CHIPOLBROK) was organized in the latter part of 1951, with head offices in Tientsin and a branch office in Gdynia, to handle the traffic between Polish and Communist Chinese ports. Ownership of this company appears to be about equally divided between Polish and Chinese Communist interests, and there is some evidence that the Chinese Communists hold 55 percent of the capital. CHIPOLBROK charters ships for the China run, arranges forwarding and stevedoring services, provides certain brokerage (compradore) facilities, and acts as fiscal agent for Communist Chinese crews. There is also evidence that the Chinese Communists actually own twelve ships identified among those operated by CHIPOLBROK and that these fly the Polish flag only as a cloak. In the UK view however, this evidence does not conclusively establish concealed Communist Chinese ownership. This organization controlled the operation of the "Polish-flag" vessels PRACA and PREZYDENT GOTTWALD which were seized by Chinese Nationalist naval forces in 1953. It also instigated the purchase and controls the operations of the MARIAN BUCZEK (ex-QUEEN ANNE).

CHIPOLBROK not only has coordinated China shipping services handling cargo movements out of Gdynia, but has also arranged China-bound cargo movements directly out of Western European ports by both Bloc and non-Bloc shipping, and in particular has been involved in transshipments of goods of Western European origin to take advantage of the differential between controls on shipments to the European Bloc and the stricter controls on shipments to China. Such goods are normally lifted in continental Western European ports by Bloc-flag ships sailing for Gdynia and are then reconsigned to the Far East.

In view of CHIPOLBROK's importance to Communist China's sea-borne trade, its activities are considered to require further intelligence investigation and evaluation.

2. FARENCO

One of the more important organizations, established by the Chinese Communists in non-Bloc jurisdictions in order to facilitate procurement and transport of both controlled and uncontrolled commodities in trade with Free World countries is the Far East Enterprising Company Limited (FARENCO) of Hong Kong. This company was incorporated in Hong Kong on 30 September 1953, with its head office located in Panama. All the directors of FARENCO are believed to be Communist Chinese nationals, and although the shareholders' names are not known this company is believed to be controlled by the Chinese Communists. It appears to act under orders from Peiping and to be the main agent for Communist Chinese shipping and trading activites in Hong Kong. FARENCO has figured prominently in

chartering non-Bloc ships used for the carriage of strategic cargoes from European ports to Communist China. Thus, for example, it acted as the charterer for recent voyages of the Swedish vessels SUNNANBRIS, NORDANBRIS, and GRANEFORS which have carried special steels, mobile conveyors, heavy trucks, and other industrial equipment. This company arranged the recent (1955) transfer voyage of the Finnish ship Wergus to Communist China, and it has engaged in negotiations looking toward the purchase and flag-transfer of other non-Bloc ships on behalf of the Chinese Communists. More recently FARENCO handled an attempted Soviet-Chinese shipment of jet fuel aboard the Finnish tanker ARUBA. Its role as a direct agent of the Communist Chinese was made clear when FARENCO had to obtain Chinese Communist release for return of the cargo to a Black Sea port after the crew had refused to take the vessel into waters endangered by Chinese Nationalist operations near Formosa.

3. WELTFRACHT

WELTFRACHT is typical of Bloc-controlled organizations in Western Europe which have specialized in assisting established concerns (such as SOGEMAR in Antwerp) in circumventing China-trade controls. It was organized in January 1953, with capital supplied initially by Polish Communist groups. Its original task was primarily to handle in-and outbound Poland-China traffic moving via overland Hamburg-Polish connections, or via German-Polish inland waterways. WELTFRACHT'S operations have become more ramified than those of any of its individual correspondents (such as SOGEMAR); and since the latter part of 1954 it has figured prominently as the principal go-between in Chinese Communist negotiations for the purchase of Free World shipping.

4. Other Control Circumventions by Free World Groups

Evasions of free world controls on trade with Communist China involving non-Bloc firms or organizations have taken a number of forms. Planned evasions have involved such means as deletions fraudulently inserted in export license documents, use of such vague descriptions as "general cargo", false declarations of destination, and the preparation of dual or incomplete cargo manifests, or dual bills of lading. Documents may be prepared evidencing delivery of a cargo to a non-Bloc port in order to cover the actual delivery of such cargo to a Communist port under a duplicate set of order documents. False and dual documentation were used to conceal the nature of certain goods carried in 1954 by the Finnish vessels KEITO and BOTH VIII. The latter vessel, for example, carried "special cargo" guarded by a Polish super-cargo which was not listed in copies of manifests submitted to non-Bloc authorities at ports touched enroute.

During 1954, the United States Department of Commerce moved to deny general license privileges to two Hong Kong based firms, Hollers, Ltd., and Wallem & Co. (HK) because of their previous participation in violations or near violations of controls. Provisional action of similar nature has also been taken against a number of other companies which are wholly-owned subsidiaries of Wheelock-Marden & Co., Ltd.

ANNEX

Developments During the First Quarter of 1955

A. Recorded Imports from Non-Communist Countries

Recorded imports from Non-Communist countries during the first quarter of 1955 are estimated at $74 million, 20 percent above those for the first quarter of 1954 ($62 million) and 10 percent above the 1954 quarterly average ($68 million). Corresponding figures for the first quarters of 1952 and 1953 were $51 million and $94 million. (We have no information available for estimating any trend in unrecorded trade during the first quarter of 1955.)

Recorded direct imports from Western Europe increased by half in the first quarter of 1955 over the first quarter of 1954, or from $20 million to $30 million. Partial information on the commodity composition of this trade suggests that it continues to consist predominantly of fertilizers, drugs, and other chemicals, although including amounts of wool tops, and other items. Unrecorded imports of iron and steel and other strategic goods transshipped through Bloc ports in Europe have not been included.

Recorded imports from Hong Kong ($24.2 million) dropped by one-fifth in the first quarter of 1955 over the same period in the previous year. They consisted mainly of dyestuffs, fertilizers and drugs ($10.0 million), raw cotton of Pakistan origin ($1.3 million), and metals, machinery, and instruments ($0.6 million).

Similarly, recorded imports from Ceylon declined by half, with a proportionate drop in shipments of crude rubber in the quarter as compared with the same period in the previous year. However, imports from Egypt and Pakistan (presumably cotton) increased by nearly half over the first quarter of 1954, while imports from Japan increased one and a half times in the same period. Imports from Japan consisted of dyestuffs, fertilizer, and drugs ($2.0 million), other chemicals ($1.6 million), rayon yard ($0.8 million), and miscellaneous items ($1.4 million - largely other textiles, machinery, and instruments.)

The information at present available as to the value of Communist China's recorded imports during the first quarter of 1955 is summarized below:

TABLE 21

RECORDED IMPORTS FROM NON-COMMUNIST COUNTRIES
(First quarter of 1955)

Thousands of U.S. Dollars

Europe & Western Hemisphere	Year 1954	Jan-Mar 1954	Jan-Mar 1955
Argentina	1,495	223(est.)	n.a.
Austria	445	2	903
Belgium-Luxembourg	426	107	376
Brazil	2,938	717	68
Burma	22	--	--
Denmark	185	73	241
Finland	3,390	2,217	4,867
France	8,379	1,633	880
Italy	5,285	333	1,451
Netherlands	1,565	736	327
Norway	28	19	23
Sweden	632	265	387
Switzerland (c.i.f.)	4,085	2,649	4,916
United Kingdom	18,170	3,973	6,391
United States	6	--	--
Western Germany	20,554	6,343	7,395
Canada	47	--	33
Adjustment for c.i.f. (10 percent excluding Switzerland)	6,354	1,665	2,334
Subtotal	73,984	20,960	30,592

RECORDED IMPORTS FROM NON-COMMUNIST COUNTRIES,

Table 21, continued

(Thousands of US dollars)

Near East, Asia & Oceania	Year 1954	Jan-Mar 1955	Jan-Mar 1956
Australia	3,421	741	737
Ceylon	48,429	11,041	5,356
Egypt	11,389	--	5,106
Hong Kong	67,154	17,749	14,195
India	5,798	253*	3,463
Indonesia	1,014	Insig.	2,719
Japan	19,109	2,248	5,793
Malaya	6,561	752	Insig.[a]
Pakistan	26,189	6,713	4,000[a]
Adjustment for c.i.f. (5 percent)	9,455	1,975	2,069
Subtotal	198,541	41,472	43,458
Total Recorded Trade	272,525	62,432	73,020

* Excluding Tibet.
a Estimated from data for two months.

B. Seaborne Imports from Soviet Bloc Ports in Eastern Europe

Communist China's seaborne imports from Soviet Bloc ports in Eastern Europe during the first quarter of 1955 are estimated to have totalled 145,000 tons, 18 percent less than in the first quarter of 1954 and 2 percent less than the 1954 quarterly average. The proportions of the cargo carried by Bloc and non-Bloc ships are similar to those in 1954 and there are no significant changes observable in the commodity pattern of these shipments.

TABLE 22

Seaborne Imports from Soviet Bloc Ports in Eastern Europe
(First quarter of 1955)

(in metric tons)

	Bloc Ships	Non/Bloc Ships	Total
Machinery & Equipment	3,285	11 2/	3,296
Motor Vehicles	1,370	239 2/	1,609
Iron & steel, and other metals	30,804	4,249	35,053
Railway Materials	1,982	--	1,982
Petroleum	17,576	1,672 3/	19,248
Fertilizer	--	8,319	8,319
Chemicals (including dyes)	2,984	311	3,295
Sugar	5,289	10,696	15,985
Paper and pulp	--	63	63
Textiles	--	--	--
General cargo 1/	34,080	21,773	55,853
Totals	97,370	47,333	144,703

1/ General cargo is believed not to have included any bulk shipments, e.g., fertilizer, sugar, and POL but probably does include items in the other categories above.
2/ Bicycles.
3/ By Finnish flag vessel.

The information available on the cargoes carried from ports in the Soviet Far East during this period is still too incomplete to permit cargo estimates.

C. Volume of Shipping Engaged in the China Trade in the First Quarter of 1955

During the first quarter of 1955, 282 vessels totalling 1,286,119 GRT arrived in Communist China from overseas and 276 vessels totalling 1,208,621 GRT departed Communist China for other countries. Non-Bloc vessels accounted for 227 arrivals (1,001,484 GRT) and 224 departures (955,088 GRT), while Bloc vessels accounted for 55 arrivals (284,635 GRT) and 52 departures (253,533 GRT). The arrivals and departures of both Bloc and Non-Bloc vessels were all higher than in the first quarter of 1954, with the number of total arrivals increasing 13 percent and the number of total departures increasing 21 percent.

D. New Developments in overland transport facilities

In early 1955 the Communists announced (1) the completion of the track on the Trans-Mongolian Railroad, and (2) the restoration of the Hanoi-Langson line in North Viet Nam and its connection with the Chinese rail network. The Trans-Mongolian Railroad, when fully operative, will probably carry a significant portion of Communist China's overland trade and will greatly reduce the length of rail haul for much of Communist China's overland trade with the European Bloc. Establishment of through rail connections between Communist China and North Viet Nam will facilitate the movement of trade between these two countries, and much of the freight previously carried by road will henceforth be transported by rail.

APPENDIX A

Discussion of Sources, Methodology, and Reliability of Basic Worksheet Data on Ocean Shipping and Cargoes

1. Movements

Information on movements of merchant shipping is generally readily available from such unclassified sources as Lloyd's Voyage Supplements, although movements behind the Iron Curtain are inadequately covered by such materials and must be determined largely from intelligence. From all sources available, however, our knowledge of voyage details for both Bloc and non-Bloc vessels trading with Communist China is reasonably complete and accurate. 25X1C 25X1C

[redacted]

Next 6 Page(s) In Document Exempt

Approved For Release 2001/11/08 : CIA-RDP85S00362R000400020002-3

[redacted]

APPENDIX B

Analysis of Interior Transport Connections

The various interior transport connections available for movements between Communist China and her neighbors were by no means of comparable utility for actual international trade traffic in 1954. Rail connections with the USSR were overwhelmingly the most important interior routes, while contributions to the total movement pattern made by roads, inland waterways and air carriers were limited and, in many cases, restricted to provincial or purely local cross-border trade.

In the following detailed analysis those routes utilized for Communist China's international traffic movements during 1954 are considered first. Other routes, which were engaged in only local cross-border traffic or carried no international trade at all, as well as the new rail routes which could be used for trade in the future, are then considered briefly for the sake of completeness.

1. Description of Routes Known to Have Been Used in 1954 and Nature of the Service

   a. Between the USSR and Communist China

      (1) Rail

During 1954 the Trans-Siberian Railroad and two of its connecting lines with Communist China, Tarskiy-Manchouli-Harbin and Voroshilov-Suifenho-Harbin, were the only Sino-Soviet rail connections utilized in Communist China's foreign trade with

the USSR. The importance of these lines in this respect is indicated by the fact that in 1954, they carried approximately 55 percent of the total estimated tonnage of Communist Chinese international traffic moving by all routes, including ocean shipping. The Trans-Siberian Railroad and its connecting lines, moreover, carried the major portion of the total tonnage of Communist China's foreign trade moving over interior connecting routes (not including USSR or Satellite traffic moving to and from North Korea), amounting to approximately 95 percent of this total tonnage in 1954.

Communist Chinese imports transported on interior connecting routes in 1954 moved primarily by rail via the Trans-Siberian Railroad and the connecting Tarskiy-Manchouli-Harbin route. Most of the remaining relatively minor import shipments are believed to have been carried on the Voroshilov-Suifenho-Harbin route. Chinese overland exports to the USSR and Satellites are believed to have been divided between these routes roughly on a 70 and 30 percent tonnage basis, respectively. The relative importance of these connecting lines may be altered somewhat in the future, since part of the traffic with the USSR may be diverted to the Trans-Mongolia route, following its completion.

(a) Transloading Points

The break-of-gauge between the Soviet broad gauge and the Chinese standard gauge on the Tarskiy-Manchouli-Harbin

line is effected both at the Soviet station in Otpor and at the Chinese station in Manchouli. The latter, a flat yard with a capacity of 500 freight cars, is equipped with floodlights and is therefore capable of 24-hour operation. Freight received into the yard is handled by transloading from cars of one gauge into cars of the other gauge, or by changing the axles or trucks on loaded cars. The latter method seems to be reserved almost exclusively for the adaptation of Soviet broad-gauge cars for operation on the Chinese rail system. There are also facilities for the changing of axles and trucks on the Soviet side of the border at Otpor; but although they are used for passenger cars there is no indication that they are used on any regular basis to change the gauge of freight cars.

On the Voroshilov-Suifenho-Harbin line the break-of-gauge is effected at Suifenho (Pogranichnaya) in Manchuria. Facilities at this point are similar to those existing at Manchouli, i.e., a flat yard with alternate broad-gauge and standard-gauge tracks for the transloading of freight. From the little information available, however, it appears that the Suifenho installations have not been developed to a degree comparable with those at Manchouli. This would tend to confirm the estimate that less traffic has been moving over the Harbin-Suifenho line than has moved over the Harbin-Manchouli line.

(b) International Freight Agreements and Charges

All international rail shipments in the Sino-Soviet Bloc are governed by the Agreement on International Railroad Freight Traffic of 1954 (SMGS). Shipments between Sino-Soviet Bloc countries which must transit a third country are subject to the Uniform Tariff Treaty (UTT) which supplements this agreement. This system of through international rail services has several advantages intended to facilitate and stimulate Sino-Soviet Bloc international trade. International rail movements within the Bloc have been greatly simplified, for example, by the use of a single international railroad waybill. By eliminating the need to re-consign shipments at international border stations, the movement of international trade is thereby facilitated. In addition, SMGS grants to the consignee a large degree of control over the goods in transit.

The agreement also requires that all international rail traffic originating in Bloc countries be included in transport plans of the country of origin. This makes possible general planning of rail movements between countries of the Sino-Soviet Bloc, which is intended to provide for more efficient utilization of intra-Bloc international transportation facilities. Freight costs for rail shipments between neighboring SMGS countries are determined by the individual tariff agreements in effect between those countries. When the freight must transit third countries, however, transport charges are determined by the domestic rates in the shipping and

receiving countries, and by the UTT rates on the transit-country railroads. The shipper is responsible for charges of the railroads of the originating country, while the receiver must pay the charges of the receiving railroad. The transit-country rail charges may be borne by either party.

The reduction of transit freight rates brought about by the inclusion of Communist China, Mongolia, and North Korea in the SMGS and UTT in 1954 should substantially lower the cost of international overland trade to these countries. The rates prescribed by UTT are, as a rule, cheaper than the rates which formerly applied to transit traffic in the SMGS countries.

The addition in 1954 of a new tariff classification in UTT may further cheapen the cost of transporting strategic materials to and from the Far East. This classification has the lowest rate in the agreement, and, as yet, has had no goods assigned to it. It is conceivable that this new classification may be reserved for emergency shipments of strategic materials. If this is so, the UTT would, under urgent conditions, assume even greater significance in the Chinese trade picture.

(2) Inland Waterways

The main inland waterway connection in use during 1954 between the USSR and Communist China was the Sungari River, a principal tributary of the Amur River. This route connects the rail

center of Kharbarovsk and the manufacturing center of Komsomolsk, both on the Amur, with the Chinese rail system at Chiamusau and Harbin. Navigation on the Sungari, however, is possible for only 150 to 200 days of the year, i.e., from mid-April or early May until late October. In addition, low water periods during the navigation season and numerous shoals adversely affect transport along the waterway.

Available information does not permit a complete evaluation of the nature of the international service provided by inland water transport in Sino-Soviet trade during 1954. Such international trade apparently was carried entirely by Soviet craft, and probably consisted mainly of POL shipped from Khabarovsk to Sungari ports. It is believed that some Chinese rafted timber and possibly agricultural products were exported to the USSR via the Sungari -- although no Chinese vessels (which carry cargo to points on the Chinese side of the Amur) are known to have entered Soviet territory.

(3) Roads

Sino-Soviet road trade is carried almost exclusively by three principal roads, each of which extends from Sinkiang across the USSR frontier. One road extends from Alma Ata to Urumchi via Khorgos, while the other two connect Kashgar with Turugart and Irkestan. These routes are essential for USSR-Sinkiang trade since rail and waterway facilities do not exist. Chinese imports over

these roads apparently consist mainly of petroleum products, road-construction supplies, machinery and motor vehicles. Principal exports are probably wool, skins and non-ferrous ores and concentrates.

Traffic operations across the Soviet-Sinkiang border are directed by the USSR, while the Chinese maintain ownership of the trading companies involved. Trucks must operate over great distances, hauling cargo from railheads on the Turk-Sib to the capital at Urumchi. Animal caravans are still very numerous because of the high cost of motor transportation.

(4) Air

In 1954 SKOGA, the Sino-Soviet Joint Stock Company for Aviation which was turned over to the Chinese Civil Aviation Bureau (CAB) in October 1954, provided the only air transport between the USSR and Communist China. Air service was available between Peiping and Alma Ata, Irkutsk and Chita in the USSR, where connections were made with the international routes of Aeroflot, the Soviet civil air carrier.* Available information does not permit an estimation of the tonnage carried over these routes, but air transport was important for the rapid shipment of special items of key importance

* During 1954 the joint Soviet-Korean carrier SOKAO began services over the SKOGA route from Chita across Manchuria to Pyongyang, North Korea. March 1955 information indicates that the Chita route is now operated exclusively by SOKAO, which has also extended its flights to other cities in Korea.

to various economic ventures. Blueprints for construction projects, valuable scientific instruments and machinery from the USSR or European Satellites, and commodity samples, for example, have been identified as air cargo. The Communist Chinese have also imported large quantities of antibiotics from Europe by air. The total tonnage carried by air certainly is relatively negligible, but the service provided for the rapid transport of strategic materials and key personnel is extremely significant.

SKOGA, established in 1950 as a successor of the joint Soviet-Chinese Nationalist air carrier Hamiata, has been strongly influenced by Soviet operational and administrative personnel. Its equipment consists of Soviet-built aircraft and its flight complement, all Russian nationals, probably are detailed from Aeroflot, the Soviet civil air carrier. Its services have been integrated with the Chinese domestic airline run by CAB, which is also strongly influenced by Soviet advisors, thus making possible through flights from Southern China to Moscow and the European Satellites. The withdrawal of the USSR from stock ownership in SKOGA resulted in the further integration of the entire Chinese network with Bloc civil aviation.

b. Between North Korea and Communist China

(1) Rail

Five rail lines cross the Manchurian border into North Korea at Sinuiju, Namsan-ni, Manpojin, Sangsambong and Tumen, and provide the most significant means of transport for foreign

trade between these countries. On the basis of available information it is estimated that approximately 85 percent of the rail traffic between North Korea and Communist China is handled over three lines, with about 40 percent of the total moving on the Sinuiju-Sinanju line and roughly 45 percent over the lines entering at Namsan-ni and at Manpojin. Foreign trade consists mainly of Chinese exports of such bulk commodities as coal, cement, millet, pig iron and soyabeans.

Available information indicates that southbound traffic from China into North Korea is in large measure handled as through train service (i.e., Chinese freight cars, locomotives and personnel operate directly into major rail junctions in North Korea). An administrative check is apparently made by Korean officials at the border, but such supervision does not seem to interfere with the expeditious movement of southbound traffic. On the other hand, there is no information that Korea trains or rolling stock operate northward into China; it appears, therefore, that Sino-Korean traffic is handled entirely by the Chinese.

(2) Air

Only one air route was flown between North Korea and China during 1954. SOKAO, the joint Soviet-North Korean carrier, operated two planes chiefly between Pyongyang, Mukden and Chita. Tonnages carried between North Korea and China over this route was negligible, but the service is significant for speeding up shipments of key personnel and essential materials of low volume and high value.

c. Between North Vietnam and Communist China

(1) Roads

During 1954, roads were the only significant connecting links used between North Vietnam and Communist China. Only a small amount of traffic moved across the Sino-Vietnamese border by water, coolie or animal transport; and no rail shipments were possible since rail connections with Communist China were not restored until February 1955. Five roads extend from Hanoi, the focal point of all forms of transport in North Vietnam, to connect with the Chinese transport system via the Sino-Vietnamese border points near Mon Cay, Lang Son, Cao Bang, Ha Giang and Lao Kay. Moreover, a road extends from Lai Chau in Northwest Tonkin across the Chinese frontier at Ban Nam Coum.

These six roads connecting North Vietnam with Communist China differ considerably in their relative economic and military importance (primarily to the Viet Minh) because of the geographical areas they serve. The most important extend from Hanoi and central Tonkin to the eastern sector of the Sino-Vietnamese border region, where connections are made with the road, railroad and water transport routes of Kwangsi province. The roads extending to the western sector of the border are of less importance to the Viet Minh since they provide connections only with Yunnan Province, which produces little of use to the Viet Minh, and has very poor communications with the remainder of China.

Communist Chinese imports from North Vietnam in 1954 were insignificant compared with exports, which consisted mainly of aid to the Viet Minh. Roads were the principal means of delivering Communist Chinese aid shipments to the Viet Minh in North Vietnam during 1954. The overland shipments received by the Viet Minh were not great in volume, but such items as ordnance materials, petroleum, vehicles and rice were important in terms of filling critical Viet Minh deficiencies.

Almost all Chinese exports, excepting rice, were received over the supply routes crossing the frontier at Cao Bang and at Lang Son. Supplies received at these border points were trucked over Routes Federale 1 or 3, or via the Dong Dang road to depots in the Thai Nguyen and Tuyen Quang areas. The Cao Bang route has been the principal road by which the Viet Minh have received clandestine arms shipments from China since the cease-fire. A considerable portion of the rice received from China was carried over the Lai Chau-Ban Nam Coum route from Yunnan Province, which was an important supply line for the Viet Minh forces fighting in Northwest Tonkin during the spring of 1954.

Normally, freight shipped between Communist China and North Vietnam is transshipped at the border between Chinese carriers and Viet Minh trucks. During the Dien Bien Phu campaign Chinese trucks were reported operating in North Vietnam in logistic

support of the Viet Minh forces, but under normal conditions Chinese trucks apparently do not cross the border.

d. Between Kowloon (Hong Kong) and Communist China

(1) Rail

Rail traffic, carried exclusively on the Canton-Kowloon line, plays a secondary role in China's foreign trade with Hong Kong, which is maintained primarily by shipping services. In 1954, however, the Canton-Kowloon railway, about 100,000 tons of the estimated total traffic between the two areas. Approximately 90 percent of this consists of Communist Chinese exports of such commodities as livestock, beans and other goods for Hong Kong consumption. Rail imports from Kowloon consisted of fertilizer, wood, textile machinery, alum, and pharmaceuticals, mainly penicillin.

Rail traffic moving between Communist China and Kowloon is carried exclusively in Chinese freight cars. Chinese trains and crews deliver goods destined for Kowloon to the border, where the loaded cars are shunted across to waiting British trains and crews. Since the volume of trade moving from Kowloon into China is less than that moving in the reverse direction, the British are able to load all of their traffic into Chinese rolling stock for delivery to waiting Chinese train crews at the border. All Sino-British trade moving by rail across the Kowloon border is apparently booked either to or from the border station of Lowu.

(2) Roads

Road traffic on the Canton-Kowloon route, the principal means of road transport between Hong Kong and China, comprises only a very small portion of the total traffic between these two cities, which is handled largely by shipping and rail facilities. During 1954, slightly over 1 percent of the tonnage of total Sino-Hong Kong trade was carried by this road. Principal road imports included such commodities as drugs, chemicals, hardware, fertilizer, wood, cork and dyes.

Road traffic on the Canton-Kowloon route complements rail service in the area. Motor-freight transport services are available, and buses run on regular schedules.

e. Between Burma and Communist China

(1) Roads

The principal road connection in use in 1954 between Burma and Communist China was the Burma Road. Observed traffic over a section of the Burma Road in Burma (between Lashio and Kutai) was reported as 30 to 50 vehicles EWPD in April 1954. Only a part of this can be considered as foreign trade, however, since the prohibitive costs of motor transport over the long distances between each country's commerical centers limit its use for through traffic. Nevertheless, the Communist Chinese do use the road in dry weather. For example, they have been known to transport green tea into Burma, and some

traffic undoubtedly moved in return although its character and and volume cannot be determined. It is noteworthy, moreover, that according to official Chinese Communist announcements concerning a recent trade agreement with Burma attempts are to be made to increase the volume of traffic moving between the two countries over the Burma Road.

Traffic across the Sino-Burmese border is generally transloaded from the vehicles of one country to those of the other at Wanting. When trucks are not available, animal carriers are substituted.

2. Estimated Capability of Interior Connecting Routes Between Communist China and Adjacent Countries, 1954

a. Capability

1) Between the USSR and Communist China

a) Rail

The term "capability" as applied to railroads and roads* in this paper is defined as a reasonable estimated measure of the volume of movement which could be reached on a given transportation segment for a sustained period. Unless otherwise stated, this assumes that all contributing elements, such as locomotives, cars, trucks, personnel, repair and maintenance facilities, etc., are available. Capability is not a maximum in the sense of theoretical capacity of a given line, nor does it represent the actual traffic moving over a given line. It does not take into consideration such potential factors as impact upon adjacent or other lines or road segments either within or outside the area under discussion; changes in or overriding traffic demands from other areas, including the problem of internal distribution of freight received by land or sea; shifts in demands within economic sectors; the ability of adjacent countries under varying circumstances to receive or provide an increased tonnage; or policy considerations which might render such capabilities feasible or infeasible as the case might be.

* Inland water and air transport capabilities as estimated in this paper depend directly on the estimated availability of barges and aircraft and are not, therefore, included in this definition of capability.

As regards the Trans-Siberian Railroad, the assumption of availability of equipment is reasonable since the amount of motive power and rolling stock required to meet the Line's capability would constitute only a relatively small percentage of the equipment available in the USSR. Sufficient railroad equipment could be made available in Communist China to fully meet the total capability of the Trans-Siberian Railroad's three connecting lines to Manchuria - although this would definitely increase the strain on the already intensively utilized Chinese locomotive and rolling stock park. This strain would be further aggravated if upon completion the capability of the Trans-Mongolian line were also to be used simultaneously. There would not, however, be enough freight cars available in the total park in the unlikely event that full capability of lines connecting Communist China with North Korea and with Hong Kong were also utilized simultaneously in addition to that of the lines connecting with the Trans-Siberian Railroad.

Insofar as Chinese road traffic is concerned, through bulk freight movement between China and the USSR is virtually nonexistent and the truck park and supporting facilities are of relatively insignificant proportions. The physical capacity estimated for the roads takes account of normal (average) weather in the localities traversed but does not take into account the effects of extreme weather conditions which might impair capability for periods of varying duration. Moreover, an assumption that sufficient trucks would be available to meet full physical road capability is not valid when applied to aggregate road capabilities. It is possible, in the case of some

individual roads having fairly low physical capabilities, that sufficient vehicles could be made available to fully utilize this capability. In most cases, however, = in view of the number of vehicles necessary to meet road capability (especially for Sino-North Korean traffic), the prohibitive cost of such a venture, the large vehicle deficiencies it would create in the domestic economies of China and her neighbors, and the absence of apparent requirements for such a scale of movement - it is highly improbable that such a course of action would be attempted under foreseeable circumstances.

(1) The Trans-Siberian Railroad

In EIC-R1-S2 and EIC-R1-S3 the Trans Siberian Railroad was estimated to have a capability, based on a daily average throughout the year, of handling 36 trains each way per day (EWPD) in through traffic between Omsk and Vladivostok. Of these 36 trains EWPD, it was estimated that two trains are required for minimum essential peacetime personnel movement (Including both civil and military personnel), and one train was allowed for repair and maintenance service, and for disruption caused by snow, ice, floods, and accidents. The remaining 33 trains EWPD could be used for freight, each train carrying an estimated average net load of 1,000 tons, giving a capability for freight haulage of about 33,000 tons EWPD. Of the 33 train capability, however, it was estimated that one train would be needed for carrying new rail, rail accessories, ties, ballast, and spare parts; two for railway fuels; 10 for minimum civilian

peacetime economic needs; and four for military traffic. This left a capability of an estimated 16 trains, or 16,000 tons EWD (5.8 million tons each way per year), for other needs, such as trade with Communist China.

In last year's EIC-R1-S3 (Page 39) attention was called to new intelligence suggesting that revision of the Trans-Siberian Railroad's capability might soon be required. Additional information available to the intelligence community since then should make such a re-study even more profitable. Such a re-study should take into account not only specific details which were not available for making the original estimate, but also evidence of trackage improvements which has been reported since that time and possible changes in the economic requirements for traffic along the line. In addition it should consider the effect on line capabilities of yards, and locomotive servicing and repair facilities which may not support an increase in the present capability estimate. In the opinion of some agencies a preliminary analysis of available evidence indicates that the hitherto accepted capability figure may be low. Nevertheless, it is premature to judge whether such a detailed re-estimate of the capabilities of the Trans-Siberian Railway, section by section, would actually result in a net increase in throughput capabilities. Neither have the requirements of the Soviet Far East been re-evaluated, which might change the trains per day needed to meet economic and military demands of this part of the USSR. Pending the completion of a detailed re-study of the capability of the Trans-Siberian Railroad, the estimate in EIC-R1-S2 and EIC-R1-S3 is regarded as an acceptable assessment of this capability.

(2) The Tarskiy-Manchouli-Harbin and Voroshilov-Suifenho-Harbin Lines - Connecting with the Trans-Siberian Railroad

These single-track lines each have an estimated capability for through traffic of 12 trains EWPD, of which 2 would be required for minimum passenger movements, railroad needs (maintenance, fuel, and spare parts), and local consumption requirements. The remaining 10 trains could be used for through freight movement, each carrying an estimated net load of 650 tons. The segments of these lines within the USSR each have a capability equal to or greater than that of the segments within Manchuria, and therefore do not limit through traffic between the USSR and Manchuria. The transloading yards are believed capable of handling the maximum amount of traffic which the lines can bring to them. These capabilities would permit 6,500 tons to move EWPD between Harbin and the USSR on each line, or a total of 13,000 tons EWPD (4.8 million tons each way per year).

b) Inland Waterways

The use of the Sungari as an avenue of Sino-Soviet trade is limited primarily by the total cargo-carrying capacity of the vessels (both Chinese and Soviet) available for international traffic at any given time. This availability, in turn, depends on the number of craft on the Sungari and Amur rivers required to meet the local economic requirements of the areas they serve. Judging from Based on the increase in domestic traffic in 1954 as compared with 1953 the Sungari cargo fleet must have grown considerably during 1954, even after considering a significant increase in the average utilization of vessels. On this basis, it is estimated that the total fleet is

probably now near 40,000 tons. Moreover, it could be increased by the diversion of the relatively few Chinese vessels normally operating on the Ussuri River and on the Chinese side of the Amur River, which forms the boundary between China and the USSR for a large part of its course.

As in 1953, it is considered that it would have required the entire Chinese-owned fleet's operating at or very near capacity to handle the domestic distribution of agricultural cargoes, timber, coal, and industrial goods cargoes during the 1954 navigating season. There was, therefore, little excess capacity available for carrying Sino-Soviet trade. If, however, the entire Chinese river fleet, (on both the Sungari and the Amur) were diverted to international traffic -- presumably running mainly between Khabarovsk and Chiamussu or Harbin -- it could carry some 580,000 tons of cargo annually (290,000 each way), or about 800 tons EWPD.

The extent to which the entire Chinese fleet could be utilized for this purpose is not known; but if only the bare minimum needs of internal Manchurian trade were considered probably a considerable amount of shipping could be diverted to international traffic. Moreover, if all-out maintenance of international trade with China became USSR policy some of the estimated 300,000 tons of Soviet barge tonnage could be diverted from its normal operations on the Amur. The extent to which the needs of of the Soviet economy served by the Amur can be thus reduced is not known. There is evidence the fleet has had difficulty in

carrying out its transport mission in the past, suggesting that the diversion of any sizeable part of existing tonnage to Sino-Soviet trade would probably necessitate serious reductions in the fulfillment of Soviet domestic requirements. A diversion of only 15 percent of Amur river tonnage to international traffic, however, would provide a capability of 800 tons EWPD.

Utilizing the entire Chinese-owned fleet plus 15 percent of the available Amur River Soviet tonnage would, therefore, provide an aggregate capability of 1,600 tons EWPD for Sino-Soviet trade. In the unlikely event of the complete utilization of the Amur River Soviet fleet in international traffic this capability could be increased to some 6,000 tons EWPD. In view of normal Soviet and Chinese domestic requirements for inland water transport, however, it is considered for purposes of this paper that the capability of the Sungari for Sino-Soviet trade would not in practice exceed 290,000 tons each way per year - or 800 tons EWPD based on an average throughout the year - using any combination of the capabilities of the Sungari and Amur River fleets. (Actually this waterway is open to navigation for only 150 to 200 days during the year, and the capability during this season of navigation is about 1,450 tons EWPD).

c) Roads

The bulk of all trade between Sinkiang and the USSR is carried by three principal roads, the best of which extends from Alma Ata to Urumchi via Khorgos and has a capacity of 400 tons EWPD. The other two important routes are the Kashgar-Turugart and Kashgar-Irkestan roads, each of which has a capacity of 300 tons EWPD. Because of their significant functions, these

routes are assumed to be limited all-weather roads, having high standards of construction for this area. Maintenance apparently is regular; construction activity on these routes was reported as late as 7 January 1955. They provide, moreover, a most important link with the Turk-Sib railway.

It should be noted that the total capability of these roads, approximately 1,000 tons EWPD, is for USSR-Sinkiang traffic. This figure should be reduced by one quarter -- to 750 tons -- to allow for the movement of operating supplies. Trade between the USSR and China proper is limited to 400 tons EWPD by the Urumchi-Lanchow route, the only road between Sinkiang and China proper. This estimate should also be reduced by one quarter to 300 tons to account for operating supplies.

d) Air

During 1954 there were 16 Li-2 aircraft operating daily scheduled flights over the routes from Peiping to the USSR. The Li-2, a Soviet-built counterpart of the US C-47, carries a normal load of 4,900 lbs. and has a maximum fuel capacity of 822 gallons. Depending on the number of passengers carried, the potential of these planes for international freight traffic would normally range from 1.1 metric tons EWPD minimum to 2.5 metric tons EWPD maximum on all routes into China. Assuming 1.8 metric tons as a reasonable average and allowing for non-scheduled and special charter flights, approximately 75 metric tons per month, or 2.5 tons

routes are assumed to be limited all-weather roads, having high standards of construction for this area. Maintenance apparently is regular; construction activity on these routes was reported as late as 7 January 1955. They provide, moreover, a most important link with the Turk-Sib railway.

It should be noted that the total capability of these roads, approximately 1,000 tons EWPD, is for USSR-Sinkiang traffic. This figure should be reduced by one quarter -- to 750 tons -- to allow for the movement of operating supplies. Trade between the USSR and China proper is limited to 400 tons EWPD by the Urumchi-Lanchow route, the only road between Sinkiang and China proper. This estimate should also be reduced by one quarter to 300 tons to account for operating supplies.

d) Air

During 1954 there were 16 Li-2 aircraft operating daily scheduled flights over the routes from Peiping to the USSR. The Li-2, a Soviet-built counterpart of the US C-47, carries a normal load of 4,900 lbs. and has a maximum fuel capacity of 822 gallons. Depending on the number of passengers carried, the potential of these planes for international freight traffic would normally range from 1.1 metric tons EWPD minimum to 2.5 metric tons EWPD maximum on all routes into China. Assuming 1.8 metric tons as a reasonable average and allowing for non-scheduled and special charter flights, approximately 75 metric tons per month, or 2.5 tons

daily could be moved in each direction by air. For an intensified airlift, this capability might be almost tripled if the Chinese CAB, which on 1 January 1955 took over the aircraft allotted to SKOGA, wished to add to the 16 ex-SKOGA aircraft some 40 two-engine aircraft (many of them US built types) in its domestic inventory.

2) Between North Korea and Communist China

a) Rail

Reports indicate that the main arteries of the North Korean rail network, presumably including the five lines crossing the Manchurian border, have been restored to operation. The capability for through freight traffic of railroad lines between Manchuria and North Korea is estimated to be 20,680 tons EWPD as shown in the last column of the following table. These figures were derived by utilizing the lower of two available sets of estimates for the lines within Manchuria and within North Korea, the latter based on previous peacetime conditions. When rehabilitation has been completed for single track operations, it is estimated that the following capabilities will be achievable:

Railroad Route	Estimated Net Line Capacity (MT) EWPD Within Manchuria	Within North Korea*	Estimated Capability for Through Freight Movement (MT) EWPD
Tumen-Mutanchiang	7,680	3,000	3,000
Sangsambong-Yenchi-Changchun	7,680	3,500	3,500
Manpojin-Chian-Ssuping	6,400	5,450	5,450
Chongju-Namsanni-Tsaohokou	N.A.	2,180	2,180
Sinuiju-Antung-Mukden	8,400	6,550	6,550
Total			20,680

* Previous peacetime maximum capacity.

b) Air

SOKAO, the only air carrier operating between North Korea and Communist China, operates only a few planes and therefore has a negligible capability in terms of tonnage. The value of the service for transporting high-value, low-volume freight and key personnel should, nevertheless, be emphasized.

3) Between North Vietnam and Communist China

a) Roads

The physical capability of each of the routes between North Vietnam and Communist China under obstructed conditions of 1954 is estimated as follows:

	MT EWPD*
Hanoi-Mon Cay	180
Hanoi-Lang Son	1,100
Hanoi-Cao Bang	180
Hanoi-Ha Giang	180
Hanoi-Lao Kay	180
Lai Chau-Ban Nam Coum	180
Total	2,000**

* These figures should be reduced by one quarter to take into account the movement of operating supplies.

** These estimates do not consider availability of trucks. In actual operations, and excluding the possible use of Chinese vehic Viet Minh highway transport capabilities over routes connecting wi China are limited by the number of trucks available. Assuming the Viet Minh could employ about 50 percent of their truck park (estimated here to total about 2,000 vehicles) on these routes, leaving 50 percent for essential operations elsewhere and for out-of-service trucks, it is estimated that about 1,200 tons EWPD could be handled. If sufficient Chinese trucks were moved across the border, however, the full capability of these roads could be utilized.

The above capabilities are based on the fact that the roads are in poor condition, that many bridges are out, and that probably only the Hanoi-Lang Son route and its alternate through Thai Nguyen and Dong Dang have been maintained to any significant degree. With the improvement of stream crossings, however, it is believed that total maximum capabilities would increase to about 4,000 MT EWPD. The Chinese roads with which the North Vietnamese routes connect are considered to have capacities equal to or exceeding the capacities of their southern counterparts.

b) Air

The only air service between North Vietnam and Communist China is operated by a pseudo-civil air carrier originally set up to serve the Polish element on the truce team in Indo-China. Subsequently, regular flights have been made between Hanoi and Peiping, but the type of freight carried other than personnel cannot be determined. It was relatively negligible, however, as is the capability of the few planes on this route -- which is of significance only for transporting highly valuable, low-volume cargo, and for personnel.

4) Between Kowloon (Hong Kong) and Communist China

a) Rail

The railroad between Canton and Kowloon has an estimated capability for freight traffic of 6,000 tons EWPD or approximately 2.19 million tons each way annually (10 trains EWPD at 600 tons per train). Although it is recognized that traffic

on the railroad may have exceeded this estimate prior to World War II, it is believed that available yard and servicing facilities at Canton cannot support a greater volume of traffic at the present time. Expansion of the Canton facilities or utilization of the Kowloon locomotive shops to service Chinese locomotive might result in an upward revision of this estimate.

b) Roads

The Canton-Kowloon road, the principal road connection between Hong Kong and China, is estimated to have a capability of 400 tons EWPD. This estimate should be reduced by one quarter to 300 tons in order to allow for the necessary movement of POL and other trucking supplies used to maintain the route.

5) Between Burma and Communist China

By far the most important road link between China and Burma is the Kunming-Wanting highway or "Burma Road", a generally tortuous and difficult route. Many sections are narrow and there are still many single-lane timber bridges which limit through capacity. The maximum capacity of this road in 1942 was estimated at 530 tons EWPD. Recent information indicated that the Chinese portion of this road is in a poor state of repair. On this basis, it is estimated that the capacity of this road in 1954 was about 400 tons EWPD. With repairs this could be increased to 750 tons EWPD. The estimated capacity of 400 tons should be reduced by one quarter to 300 tons to take into account the necessary movement of supplies and POL. The branch route to Myitkyina is

estimated to have the same capacity as the Burma Road through Kunming.

b. Capability of Other "Potential" Interior Connecting Routes for International Trade Between Communist China and Adjacent Countries

1) Between the USSR and Communist China

a) Rail Lines Connecting with the Trans-Siberian Railroad

(1) The Baranovskiy-Kraskino-Hongui-China Route (via North Korea)

There is no evidence that any traffic moved between the USSR and Communist China over the Baranovskiy-Hongui-China route in 1954, although it was probably used for a small movement between the USSR and North Korea. The line has an estimated maximum capability of 10 trains EWPD. It is further estimated that 1 of the 10 trains is required for passenger movements and railroad requirements, leaving 9 trains EWPD available for through-freight movement between the USSR and China, for military and economic purposes. With each freight train carrying an estimated 500 tons, the total capability for freight movement would be 4,500 tons EWPD (1.6 million tons each way per year). This tonnage could be handled over the two Sino-Korean connections at Sangsambong and Tumen.

It will be noted that part of the capability of these two Sino-Korean connecting lines has also been included (in the previous capability section) in the capability of rail lines between North Korea and Communist China. This is because the combined capability of these lines

is greater for traffic between Manchuria and North Korea (6,500 tons EWPD) than it is for through traffic between Manchuria and the USSR via Korea--since the section within the USSR is estimated to have a lower capability (4,500 tons EWPD) than the sections between North Korea and Manchuria.

(2) The Trans-Mongolian Railroad

Announcements in 1955 that the trackage of the Trans-Mongolian Railroad has been laid are subject to various interpretations. It is certain, however, that it will not be fully operative for a considerable period of time. Its capability when fully operative is tentatively fixed at 7,500 tons EWPD, or 2.7 million tons each way annually. It is estimated that this through capability will not be limited by the connecting line in China, as it can be reasonably assumed that improvements will be made to the extent required. One of the primary purposes of the Trans-Mongolian line may be to serve the oil field recently reported under development along this line in Mongolia. No estimate has yet been made, however, of the extent to which the Trans-Siberian Railroad might be able to handle such additional traffic over and above that of the three other existing connecting lines into Communist China.

b) Roads

There is relatively little information available on road traffic movements between Communist China proper and the Manchurian or Mongolian-Chinese border -- which represent primarily local trade.

Local cross-border traffic also moves between the USSR and Sinkiang over several trans-frontier roads which were not included among those previously mentioned.

The six routes crossing the Soviet-Manchurian border converge on Harbin, but only two of these are known to be gravelled and capable of supporting all-weather service for through traffic. The Voroshilov-Mutanchiang and Kraskino-Hunchun-Tumen-Changchun routes, both crossing the eastern Chinese border at the southern tip of Primorskiy Kray, are estimated to have capabilities of 400 and 300 metric tons EWPD, respectively. The other routes to Harbin are limited all-weather roads, and would require constant and careful maintenance to sustain through traffic for an extended period. Their combined capacity is estimated at 900 metric tons EWPD. The aggregate of 1,600 M.T. should be reduced by one-quarter (to 1,200 tons) to take into account the need to move operating supplies.

The Peiping-Ulan Bator road, a limited fair-weather route with a capability of 100 tons EWPD, is the only through motor road between Mongolia and China. This estimate should also be reduced by one-quarter (to 75 tons) to allow for operating supplies. Trans-border roads not now used for foreign trade between Sinkiang and USSR are all of secondary importance and in relatively poor condition, but they represent an aggregate international-movement capability of 500 tons EWPD. When reduced by 150 tons to allow for the movement of operating supplies, the actual capability for international traffic would be 350 tons.

2) Between North Korea and Communist China

Roads

There is relatively little information available on road traffic movements between Communist China and North Korea. As of May 1953, the five main connecting roads between China and North Korea were capable of supporting major military offensive operations. Their total capacity, as handicapped by U.N. military operations, was then estimated to have been 2,735 metric tons EWPD, or 40 percent of the logistical requirements of Communist forces in North Korea. Each road makes connection with an important rail terminal in the border area, in addition to providing trans-frontier road service. Present physical capabilities of these roads are detailed below:

	Capability* (Metric Tons)	Reduced for Operating Supplies (Metric Tons)
1. Chongjin-Hoeryong-Tumhua-Mutanchiang	2,300	1,725
2. Wonsan-Linchiang-Tunghua	1,300	975
3. Pyongyang-Manpojin-Chian-Changchun	2,300	1,725
4. Chongju-Namsan-ni-Tunghua	2,300	1,725
5. Pyongyang-Sinuiju-Antung-Mukden	6,000	4,500
Total capability	14,200	10,650

* Capability within North Korea; sections within Manchuria assumed to have a capability equal to the Korean sections.

3) Between North Vietnam and Communist China

No through lines were available during 1954 for Communist China's foreign trade with North Vietnam. Both the Chinese Communists and the Viet Minh, however, have given highest

priority since the cease-fire to the restoration of the meter gauge Hanoi-Lang Son railroad and to the extension of this line from Lang Son to the border at Nam Quan. Near the border, connection is made with the Chinese standard-gauge railroad which was extended south to Pinghsiang in the border area by the Chinese in 1951 to facilitate logistic support of the Viet Minh military forces. The Viet Minh announced in February 1955 that the track on the Hanoi-Nam Quan line had been completed, and in early March a train schedule was published which called for one through train EWPD between Hanoi and the border.

The maximum physical line capacity between Hanoi and Lang Son is estimated at 8 or 9 trains EWPD, which, with an estimated 200 net tons per train, gives a total of 1,600 to 1,800 tons EWPD. Under present conditions, however, and considering the amount of equipment on hand, it is believed that practical capability is about 3 trains or 600 tons EWPD. The amount of rolling stock and locomotives on hand, together with railway equipment that the Viet Minh will receive from the French when they evacuate Haiphong in May 1955, is adequate for the Viet Minh to operate both the Nam Quan-Hanoi and Hanoi-Haiphong sections, or (alternatively) the capability of the former could be doubled. They will, however, have to import rolling stock to maintain other services when they complete rehabilitation of all rail lines in North Vietnam.

The Hengyang-Pinghsiang line connects the main Chinese rail system with the Indo-China railroads. The limiting section is believed to have a capability of 7 freight

trains EWPD, with a net load of about 550 tons per train, or a total capability of 3,850 tons EWPD. During past years there has been evidence of attempts to increase the capacity of the line in the vicinity of Nanning. In Nanning itself considerable work has been done in expanding yard facilities and warehouse areas. Such activity was probably generated by the Chinese policy of supporting the war in Indo-China. Despite these higher capabilities within China, however, through freight capability is limited by the low-capacity line within North Vietnam.

Construction work has been noted on the North Vietnamese side of the Hanoi-Kunming (Yunnan-Indo-China) line, and it is reported that the Chinese are pushing the railhead south from Pisechai toward Lao Kay. Completion of this line would be of particular importance as a connection between the interior of Southwest China and ocean shipping at Haiphong.

4) Between Burma and Communist China

Roads

No through traffic between Communist China and Burma has been reported on the Kunming-Talo road, which-as well as the Burma Road -is available for Sino-Burmese trade. Traffic observed is normally Chinese, bound for Chinese Communist forces located along the route. Though this road is motorable throughout, bridging is still under construction at many points -- necessitating the use of slow-moving ferries which limit its capability to 300 tons EWPD. This total should be reduced by one-quarter to 225 tons in order to allow for the movement of supplies

and fuel.

5) Between India and Communist China

There are no transport connections capable of moving significant tonnages between India and Communist China. Although a pack route, the principal means of transport between the countries, runs from Kalimpong (India) to Lhasa (Tibet), via Gangtok and Gyangtse, only parts of it are motorable. Construction is being carried out at many points with the aim of making it usable for vehicles over its entire length. The route is used chiefly by mule caravan to Phari Dzong and by cargo-bearing yaks beyond this point to Lhasa. Its completion as a motorable road, which is possible by 1956, might increase the capacity of this route to 500 tons EWPD.

Another route extending through Hindustan from Simla to Gartok is under construction and progressing steadily toward the Tibetan frontier. The expected completion date is 1957, when it is estimated that this route will have a capacity of 300 tons EWPD.

The Chinese Communists have also completed surveys of proposed feeder roads from the main mountain passes leading from India and Nepal into China. These roads would connect with the major western route now under construction from Lhasa to Khotan, via Gartok. The capability of any of these routes will be limited by the extreme weather conditions in the high mountain passes. Moreover, the distances between commercial centers would be very great, requiring the use of up to 50 percent of each truck's load for its fuel supply. Traffic on the Kalimpong-Lhasa

route averaged 10 tons per day in 1952, on a trip that took 10 days to 3 weeks. Present traffic is probably not in excess of 20 tons per day. Traffic currently moving on the Simla-Gartok route by mule and yak probably does not exceed 10 tons per day. On the other routes Hindustan traders from Leh carry small amounts of wheat, flour, barley and eggs to Tibet, and return with wool and silver coins. Tibetan traders carry tea, limited volumes of incense and veils, and return with dried fruits, soap, cigarettes and sugar.

APPENDIX C

DETAILED DATA ON MERCHANT SHIPPING INVOLVED

IN TRADE WITH COMMUNIST

CHINA

APPENDIX

EXPLANATORY NOTES

1. Definitions.

a. Beneficial Owner.

The term beneficial owner is not capable of concise legal definition, since it is of wide interpretation, but it can be explained briefly as meaning the owner who obtains the benefit from any voyage, charter, sale, or other transaction. (See particularly Sections 57&58 of the Merchant Shipping Act of 1894.)

It is believed that the Lloyd's Confidential Index regarding beneficial ownership cannot be relied upon as showing in particular cases all the beneficial interests which there may be, since some of these may not be registerable. It is believed, however, that the summary data contained in the appendices are reasonably accurate and for the greater part have been confirmed by collateral information. Moreover, in the examination of questions of the beneficial ownership of individual vessels, unless there is information to the contrary, Lloyd's Confidential Index offers prima facia evidence of beneficial ownership.

No determination has been made in this paper concerning the possible responsibility of beneficial owners under the shipping control statutes and regulations of the US or any other nation.

b. Cargo-Carrying Capacity.

Cargo-carrying capacities have been calculated by multiplying the gross registered tons by 1.5 and are expressed in thousands of long tons.

2. Chinese Communist Merchant Fleet.

The Chinese Communist merchant fleet (vessels over 1,000 GRT) is engaged almost entirely in coastal trade, and its activities are not covered in the Appendix. The composition of the Chinese Communist merchant fleet is summarised in Table 14.

TAB A-1

Merchant Ship Arrivals in Communist China, By Months a/ 1954

Month	Number	GRT (Thousands of Tons)	Cargo-Carrying Capacity (Thousands of Tons)
January	79	343	514
February	72	323	485
March	98	431	647
April	79	375	563
May	82	393	589
June	81	363	544
July	78	386	579
August	88	429	623
September	74	343	514
October	76	329	493
November	88	394	591
December	109	492	738
TOTAL	1004	4601	6900

a/ This table excludes ships under 1,000 gross registered tons. This table presents data on those Soviet Bloc and non-Bloc vessels that are known to have arrived in Communist Chinese ports, by voyages. Vessels have been included as many times as they have arrived from non-Chinese ports. Data on coastal shipping are contained in Tables Tab C-4 and Tab C-6.

TAB A-2

Non-Bloc Merchant Shipping Arriving in Communist Chinese Ports, by Months a/ 1954

Month	Number	GRT (Thousands of Tons)	Cargo-Carrying Capacity (Thousands of Tons)
January	68	289	433
February	52	215	323
March	82	355	533
April	62	291	437
May	69	324	486
June	74	324	486
July	71	342	513
August	78	371	556
September	68	310	465
October	63	271	406
November	73	321	481
December	86	378	567
TOTAL	846	3791	5686

a/ This table excludes ships under 1,000 gross registered tons. This table presents data on those non-Bloc vessels that are known to have arrived in Chinese Communist ports by voyages. Vessels have been included as many times as they have arrived from non-Chinese ports.

C-O-N-F-I-D-E-N-T-I-A-L

TAB A-3

Non-Bloc Registered Merchant Shipping Arriving in Communist Chinese Ports, By Country of Registry and Residence of Beneficial Owners a/ 1954

	Country of Registry		Residence of Beneficial Owners	
	Number	GRT (Thousands of Tons)	Number	GRT (Thousands of Tons)
United Kingdom	518	2,056	474	1,882
Japan	97	504	97	504
Norway	80	323	80	323
Sweden	32	181	35	195
Denmark	35	181	35	181
Italy	23	151	27	179
Communist China	-	-	43	167
Netherlands	17	120	17	120
Finland	18	89	15	75
France	14	105	14	105
Germany	4	20	4	20
Panama	4	28	-	-
Pakistan	2	14	2	14
India	2	12	2	12
Morocco	1	7	1	7
Trieste			1	7
TOTAL	846	3,791	846	3,791

a/ This table excludes vessels under 1,000 gross registered tons. These totals represent the actual arrivals, each ship being counted as many times as she arrived in a Chinese port from a non-Chinese port.

C-O-N-F-I-D-E-N-T-I-A-L

TAB A-4

Origin of Voyages of Non-Bloc Registered Merchant Shipping Arriving in Communist Chinese Ports a/

1954

Country of Origin	Number	GRT (Thousands of Tons)	Cargo-Carrying Capacity (Thousands of Tons)
ASIA			
Hong Kong	388	1,141	1,711
Japan	204	1,085	1,528
S.E. Asia	57	218	322
India/Pakistan/Ceylon	18	69	104
Soviet Far East	3	13	20
Rep. of Korea	5	16	27
TOTAL	670	2,541	3,812
EUROPE			
Non-Bloc countries	143	1,071	1,626
Bloc countries	28	154	211
TOTAL	171	1,225	1,837
OTHER AREAS			
Brazil	2	7	10
Argentina	1	7	10
Egypt	1	7	11
New Zealand	1	4	6
TOTAL	5	25	37
GRAND TOTAL	845	3,791	5,686

a/ This table excludes vessels under 1,000 gross registered tons. Vessels have been included as many times as they have arrived from non-Chinese ports.

TAB A-5

Destination of Voyages of Non-Bloc Registered Merchant Shipping Arriving in Communist Chinese Ports a/ 1954

Port of Destination b/	Number	GRT (Thousands of Tons)
North China		
Tientsin/Taku Bar/Tangku	167	877
Shanghai	164	864
Dairen	57	320
Tsingtao	47	308
Chinwangtao	34	167
Chefoo	4	25
Unknown North Chinese Ports	3	13
TOTAL	476	2,574
Central China		
Swatow	194	491
Foochow	25	67
Chuanchow	13	37
Hankong/Hunghwa	12	31
Amoy	6	13
Wenchow	1	2
TOTAL	251	641
South China		
Canton/Whampoa/Pearl River	76	380
Yulin (Hainan Island)	20	138
Hoihow (Hainan Island)	10	33
Pakhoi	12	24
Fort Bayard	1	1
TOTAL	119	576
GRAND TOTAL	846	3,791

a/ This table excludes vessels under 1,000 gross registered tons. Vessels have been included as many times as they actually arrived from non-Chinese ports.

b/ The first Communist Chinese port of call is considered to be the destination of the voyage. No other ports of call are reflected in this table.

CONFIDENTIAL

TAB A-6

Summary of Shipping (Other than Ocean-Going over 1000 GRT)
Clearing Hong Kong for Communist China - 1954

	First Quarter		Second Quarter		Third Quarter		Fourth Quarter		TOTAL FOR YEARR		Cargo-Carrying Capacity (Thousands of tons)
	No.	NRT (Thousands of tons)	No.	NRT (Thousands of tons)	No.	NRT (Thousands of tons)	No.	NRT (Thousands of tons)	No.	NRT (Thousands of tons)	
Merchant Vessels under 500 Net Registered Tons (NRT)	22	6	9	3	1 (negligible) (Chinese flag)		-	-	32	9	17
Junks	1289	90	1275	98	1465	116	1578	126	5607	430	602
Launches	434	9	419	10	530	13	635	16	2009	48	10
								TOTAL CARGO-CARRYING CAPACITY			629

681

CONFIDENTIAL

TAB A-7

Soviet Bloc Shipping Arrivals in Communist Chinese Ports, by Months - 195[illegible] a/

Month	TOTAL No.	TOTAL GRT (Thousands of tons)	TOTAL Cargo-Carrying Capacity (Thousands of tons)	POLAND No.	POLAND GRT (Thousands of tons)	POLAND Cargo-Carrying Capacity (Thousands of tons)	U.S.S.R. b/ No.	U.S.S.R. b/ GRT (Thousands of tons)	U.S.S.R. b/ Cargo-Carrying Capacity (Thousands of tons)	CZECH No.	CZECH GRT (Thousands of tons)	CZECH Cargo-Carrying Capacity (Thousands of tons)
January	11	54	81	2	15	23	9	39	58	-	-	-
February	20	108	162	5	27	41	15	81	121	-	-	-
March	16	76	114	4	26	35	12	50	77	-	-	-
April	17	84	126	5	36	57	11	43	65	1	5	6
May	13	69	104	1	7	10	12	62	92	-	-	-
June	7	39	58	2	13	19	5	26	39	-	-	-
July	7	44	64	3	19	20	4	25	37	-	-	-
August	10	58	67	6	41	62	4	17	5	-	-	-
September	6	33	49	2	12	18	4	21	31	-	-	-
October	11	53	67	4	19	28	6	24	31	1	9	8
November	12	77	110	2	15	15	10	61	95	-	-	-
December	23	108	181	5	20	42	16	76	121	2	12	18
TOTAL	153	810	1226	41	223	370	108	525	871	4	26	32

a/ Vessels of less than 1,000 gross registered tons are not included in this table. Vessels have been included as many times as they have arrived from non-Chinese ports. Since Bloc shipping is entirely owned and operated by the Bloc, no attempt has been made to differentiate between registry and beneficial ownership.

b/ It is believed that Soviet figures include some arrivals at Dairen for docking and repairs.

TAB A-8

ORIGIN OF VOYAGES OF SOVIET BLOC REGISTERED MERCHANT SHIPPING ARRIVING IN COMMUNIST CHINESE PORTS - 1954 a/

Country or Area of Origin	Number	GRT (Thousands of tons)	Cargo-Carrying Capacity (Thousands of tons)
ASIA			
USSR (Far East)	85	389	583
Ceylon	6	29	44
Indonesia	2	11	16
Hong Kong	2	9	14
Japan	2	8	12
Pakistan	1	7	10
TOTAL	98	453	679
EUROPE			
Poland	44	254	381
Rumania	12	82	123
USSR (Black Sea)	2	9	13
Belgium	1	7	11
West Germany	1	5	8
TOTAL	60	357	536
GRAND TOTAL	158	810	1215

a/ - This table excludes vessels under 1000 gross registered tons. Vessels have been included as many times as they have arrived from non-Chinese ports.

TAB A-9

DESTINATION OF VOYAGES OF SOVIET BLOC REGISTERED MERCHANT SHIPPING ARRIVING IN COMMUNIST CHINESE PORTS a/
1954

Port of Destination b/	Number	GRT (Thousands of Tons)	Cargo-Carrying Capacity b/ (Thousands of Tons)
North China			
Dairen	65	305	458
Shanghai	17	87	130
Taku Bar Port Complex	12	69	104
Chinwangtao	12	52	78
Tsingtao	3	15	22
Chefoo	2	14	21
TOTAL	111	542	813
South China			
Whampoa	44	250	375
Yulin	3	18	27
TOTAL	47	268	402
GRAND TOTAL	158	810	1215

a. This table excludes vessels under 1,000 gross registered tons. Vessels have been included as many times as they have arrived from non-Chinese ports.

b. The first Communist Chinese port of call is considered to be the destination of the voyage. No other ports of call are reflected in this table.

TAB B-1

Merchant Ship Departures from Communist China, by Months, 1954 a/ b/

Month	Number	GRT (thousands of tons)	Cargo-Carrying Capacity (thousands of tons)
January	79	342	513
February	62	258	387
March	87	374	561
April	75	340	510
May	94	460	690
June	82	385	578
July	86	399	598
August	78	382	573
September	79	362	543
October	73	332	498
November	88	388	582
December	103	485	728
TOTAL	986	4507	6761

a/ This table excludes vessels under 1,000 gross registered tons.

b/ This table presents data on those Soviet Bloc and non-Bloc vessels that are known to have departed from Communist Chinese ports by voyages. Vessels have been included as many times as they have departed for non-Chinese ports.

TAB B-2

Non-Bloc Registered Merchant Shipping Departing From Communist Chinese Ports, by Months a/ 1954

Month	Number	GRT (Thousands of Tons)	Cargo-Carrying Capacity (Thousands of Tons)
January	64	255	383
February	51	203	304
March	72	306	459
April	65	287	431
May	75	354	531
June	71	324	486
July	79	367	550
August	72	347	520
September	68	305	457
October	62	284	426
November	72	313	469
December	79	357	536
TOTAL	830	3702	5552

a/ This table excludes ships under 1,000 gross registered tons. This table presents data on those non-Bloc flag vessels that are known to have departed from Communist Chinese ports by voyages. Vessels have been included as many times as they have departed for a non-Chinese port.

TAB B-3

Non-Bloc Registered Merchant Shipping Departing from Communist Chinese Ports by Country of Registry and Residence of Beneficial Owners in 1954 a/

Country	REGISTRY Number	REGISTRY GRT (Thousands of Tons)	BENEFICIAL OWNERS Number	BENEFICIAL OWNERS GRT (Thousands of Tons)
United Kingdom	513	2,012	467	1820
Japan	91	485	91	485
Norway	82	330	82	330
Communist China	—	—	45	188
Sweden	29	173	32	187
Denmark	34	178	34	178
Italy	23	150	27	178
Netherlands	16	113	16	113
France	13	96	13	96
Finland	17	86	14	72
Germany	4	20	4	20
Panama	4	28	—	—
Pakistan	2	14	2	14
Morocco	1	7	1	7
India	1	7	1	7
Trieste	—	—	1	7
TOTAL	830	3702	830	3702

a/ This table excludes ships under 1,000 gross registered tons. This table presents data on those non-Bloc flag vessels that are known to have departed from Communist Chinese ports by voyages. Vessels have been included as many times as they have departed for a non-Chinese port.

TAB B-4

Origin of Voyages of Non-Bloc Registered Merchant Shipping Departing from Communist Chinese Ports in 1954 a/

Port of Origin b/	Number	GRT (Thousands of Tons)
North China		
Shanghai	193	954
Taku Bar/Tientsin/Tangku	140	733
Tsingtao	66	387
Dairen	51	257
Chinwangtao	29	150
Chefoo	9	56
Unknown North China Port	10	45
TOTAL	496	2582
Central China		
Swatow	166	410
Foochow	16	40
Chuanchow	9	30
Hongkong/Hunghow	8	24
Amoy	11	21
TOTAL	210	525
South China		
Canton/Whampoa/Lafsard Island	65	321
Yulin	31	201
Hoi How	15	48
Pakhoi	12	23
Fort Bayard	1	2
T TAL	124	595
GRAND TOTAL	830	3702

a/ This table excludes vessels under 1,000 gross registered tons. These totals represent the actual departures, each ship being counted as many times as she departed from a Chinese Communist port for a non-Chinese port.

b/ Irrespective of the number of port calls while in Communist China, the last known Communist Chinese port touched by a non-Communist vessel is considered to be the origin of a return voyage.

196--

C-O-N-F-I-D-E-N-T-I-A-L

TAB B-5

Destinations of Voyages of Non-Bloc Registered Merchant Shipping Departing from Communist Chinese Ports in 1954

Country of Destination	Number	GRT (Thousands of Tons)	Cargo Carrying Capacity (Thousands of Tons)
ASIA			
Hong Kong	377	1,024	1,536
Japan	127	610	915
S.E. Asia	47	161	241
India/Pakistan/Ceylon	56	292	438
Soviet Far East			
Republic of Korea			
TOTAL	607	2,087	3,130
EUROPE			
Non-Bloc Countries	157	1,194	1,791
Bloc Countries	61	386	579
TOTAL	218	1,580	2,370
OTHER AREAS			
Australia	3	26	39
S. Africa	1	4	6
Kenya Colony	1	5	7
TOTAL	5	35	52
GRAND TOTAL	830	3,702	5,552

CONFIDENTIAL

TAB B-6

Soviet Bloc Shipping Departing Communist Chinese Ports, By Months - 1954 a/

Month	TOTAL			POLAND			U.S.S.R.			CZECH		
	No.	GRT (Thousands of tons)	Cargo-Carrying Capacity (Thousands of tons)	No.	GRT (Thousands of tons)	Cargo-Carrying Capacity (Thousands of tons)	No.	GRT (Thousands of tons)	Cargo-Carrying Capacity (Thousands of tons)	No.	GRT (Thousands of tons)	Cargo-Carrying Capacity (Thousands of tons)
January	15	87	130	3	20	30	12	67	100	-	-	-
February	11	55	83	2	13	20	9	42	63	-	-	-
March	15	68	102	6	32	48	9	36	54	-	-	-
April	10	53	79	4	30	45	6	23	35	-	-	-
May	19	106	159	2	15	22	16	86	129	1	5	8
June	11	61	92	2	13	19	9	48	72	-	-	-
July	7	32	48	1	6	9	5	20	30	1	6	9
August	6	36	53	1	5	8	5	30	45	-	-	-
September	11	57	86	7	45	68	4	12	18	-	-	-
October	11	43	72	4	26	39	7	22	33	-	-	-
November	16	73	113	5	24	36	10	46	69	1	5	8
December	24	128	192	3	17	25	20	106	159	1	5	8
TOTAL	156	805	1209	40	246	369	112	528	807	4	21	33

a/ - Vessels of less than 1,000 gross registered tons are not included in this table. Vessels have been included as many times as they have departed for a non-Chinese port.

CONFIDENTIAL

TAB B-7

ORIGIN OF VOYAGES OF SOVIET BLOC REGISTERED MERCHANT SHIPPING DEPARTING FROM COMMUNIST CHINESE PORTS a/ 1954

Port of Origin b/	Number	GRT (Thousands of Tons)	Cargo-Carrying Capacity (Thousands of Tons)
North China			
Dairen	63	297	446
Chinwangtao	19	100	150
Shanghai	15	66	99
Taku Bar	8	42	63
Tsingtao	6	38	57
Chefoo	4	27	41
Unknown North China	1	3	5
TOTAL	116	573	861
South China			
Whampoa	38	216	324
Yulin	2	16	24
TOTAL	40	232	348
GRAND TOTAL	156	805	1209

a. This table excludes ships under 1000 gross registered tons. This table excludes ships engaged exclusively in Chinese Communist coastal trade. These totals represent the actual departures, each ship being counted as many times as she departed from a Chinese Communist port for a non-Chinese port.

b. Irrespective of the number of port calls while in Communist China, the last known Communist Chinese port touched by a non-Communist vessel is considered to be the origin of a return voyage.

TAB B-2

DESTINATION OF VOYAGES OF SOVIET BLOC REGISTERED MERCHANT SHIPPING DEPARTING FROM COMMUNIST CHINESE PORTS - 1954 a/

Country of Destination	Number	GRT (Thousands of tons)	Cargo-Carrying Capacity (Thousands of tons)
ASIA			
USSR (Far East)	85	365	548
Ceylon	4	23	35
Indochina	4	19	28
Indonesia	2	11	16
Hong Kong	2	9	14
Pakistan	1	7	11
TOTAL	98	434	652
EUROPE			
Poland	32	195	293
USSR (Black Sea)	10	67	101
Rumania	7	41	62
USSR (Baltic)	3	21	31
West Germany	4	31	46
Denmark	1	8	12
Trieste	1	8	12
TOTAL	58	371	557
GRAND TOTAL	156	805	1209

a/ - This table excludes ships of less than 1000 gross registered tons. These totals represent the actual departures, each ship being counted as many times as she departed from a Chinese Communist port for a non-Chinese port.

Explanation of the Term "Involvement"

The term involvement as used in connection with the statistics under Tab C has the following meaning: vessels are considered to be "involved" when they are known to be enroute to or from, or in, Communist Chinese ports. This procedure is intended to measure shipping directly occupied in Communist Chinese seaborne trade.

The statistics under Tab C on involvement seek to indicate the minimum amount of shipping that would be lost to the Soviet Bloc if non-Bloc registered and/or owned vessels were prevented from carrying Communist China's seaborne trade. The statistics are minima in the sense that (1) they do not include a large volume of shipping in vessels under 1,000 gross registered tons and that (2) they do not include vessels indirectly involved in Communist Chinese seaborne trade such as those carrying goods to other than Communist Chinese ports for eventual transshipment to the Communists. Vessels making an inbound or outbound voyage in ballast, or a voyage only partially loaded, have been included in the statistics.

TAB C-1

Non-Bloc Registered Merchant Shipping Involved in Communist Chinese Seaborne Trade, By Country of Registry and Residence of Beneficial Owners, 1954 a/ b/

	COUNTRY OF REGISTRY		RESIDENCE OF BENEFICIAL OWNERS	
Country	Number	GRT (Thousands of Tons)	Number	GRT (Thousands of Tons)
United Kingdom	136	824	131	797
Japan	40	185	40	185
Norway	24	139	24	139
Italy	21	135	25	163
Netherlands	14	100	14	100
Sweden	17	98	19	108
Denmark	12	88	12	88
Finland	16	84	14	74
France	10	76	10	76
Panama	4	28		
India	3	19	3	19
Germany	3	16	3	16
Pakistan	2	14	2	14
Morocco	1	7	1	7
Communist China			4	20
Trieste			1	7
TOTAL	303	1,813	303	1,813

a/ This table excludes vessels under 1,000 gross registered tons.

b/ No ship appears more than once regardless of the number of voyages made during the year.

CONFIDENTIAL

TAB C-2

Non-Bloc Registered Merchant Shipping Enroute To Or From Communist Chinese Ports From Or To Non-Chinese Ports By Registry a/ b/

1954

COUNTRY OF REGISTRY	JAN NO.	JAN GRT.	FEB NO.	FEB GRT.	MAR NO.	MAR GRT.	APR NO.	APR GRT.	MAY NO.	MAY GRT.	JUN NO.	JUN GRT.	JUL NO.	JUL GRT.	AUG NO.	AUG GRT.	SEP NO.	SEP GRT.	OCT NO.	OCT GRT.	NOV NO.	NOV GRT.	DEC NO.	DEC GRT.
United Kingdom	55	312	45	323	56	325	59	349	67	442	68	421	66	402	68	421	71	426	60	427	76	458	79	424
Norway	11	62	11	62	11	62	8	47	7	39	9	50	9	56	10	64	12	74	11	69	12	71	11	77
Japan	5	22	3	19	10	57	11	65	9	56	8	46	11	68	16	80	14	79	6	39	9	40	18	77
Sweden	8	47	9	55	10	63	8	50	9	58	7	43	7	43	6	44	9	60	11	68	12	71	12	72
Denmark	6	39	7	53	8	57	7	53	7	48	8	59	9	69	8	61	5	42	4	32	5	39	3	20
France	6	44	6	44	6	44	6	44	6	44	6	44	5	37	5	37	6	44	7	54	7	54	7	54
Finland	10	58	6	32	5	24	2	10	6	30	7	36	6	31	7	36	6	33	3	15	4	22	4	23
Italy	3	21	4	28	6	42	5	38	10	66	6	44	7	51	6	44	7	50	6	37	4	27	5	34
Netherlands	3	22	4	30	5	36	5	36	6	44	6	44	6	44	7	52	7	52	7	55	7	55	10	71
Panama	-	-	1	7	1	7	2	14	1	7	2	13	2	13	1	7	1	7	1	7	1	7	-	-
Germany	1	4	-	-	-	-	2	13	2	13	1	6	-	-	-	-	-	-	-	-	1	6	1	6
Norway	1	7	1	7	1	7	1	7	1	7	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pakistan	-	-	1	7	1	7	1	7	-	-	-	-	1	7	1	7	-	-	-	-	-	-	1	5
India	1	7	-	-	-	-	-	-	1	7	1	7	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	109	630	109	667	128	738	120	759	132	857	128	806	130	816	135	853	139	869	126	795	138	852	151	842

a/ - This table excludes vessels under 1,000 gross registered tons. This table excludes vessels involved wholly in Communist Chinese Coastal trade during a month.

b/ - Gross tons are in thousands of tons.

203

CONFIDENTIAL

CONFIDENTIAL

TAB G-3

Non-Bloc Registered Merchant Shipping Enroute To or From Communist Chinese Ports From Or To Non-Chinese Ports by Residence of Beneficial Owners a/ b/
1954

COUNTRY OF REGISTRY	JAN NO.	JAN GRT.	FEB NO.	FEB GRT.	MAR NO.	MAR GRT.	APR NO.	APR GRT.	MAY NO.	MAY GRT.	JUN NO.	JUN GRT.	JUL NO.	JUL GRT.	AUG NO.	AUG GRT.	SEP NO.	SEP GRT.	OCT NO.	OCT GRT.	NOV NO.	NOV GRT.	DEC NO.	DEC GRT.
United Kingdom	53	305	54	319	55	321	57	345	66	435	65	407	64	391	65	406	69	419	67	423	74	446	76	409
Sweden	10	56	10	60	11	68	9	55	10	63	7	43	8	48	8	53	11	60	13	77	14	80	13	76
Norway	11	62	11	62	11	62	8	47	7	39	9	50	9	56	10	64	12	74	11	63	12	71	11	56
Japan	5	22	3	19	10	57	11	65	9	56	8	46	11	58	16	80	14	73	8	37	9	40	18	77
Denmark	5	39	7	53	8	57	7	53	7	43	8	59	9	69	8	61	5	42	4	32	5	39	3	20
France	6	44	6	44	6	44	6	44	6	44	6	44	5	37	5	37	6	44	7	54	7	54	7	54
Finland	8	43	5	28	4	19	1	5	5	25	7	36	5	26	5	27	4	21	1	6	2	13	3	13
Italy	3	20	5	35	9	56	11	72	11	72	8	57	9	64	7	51	10	66	7	44	5	34	5	34
Netherlands	3	22	4	30	5	36	5	36	6	44	6	44	6	44	7	52	7	54	7	55	7	55	10	77
Communist China	2	7	1	4	1	4	1	6	-	-	2	7	1	4	3	15	2	7	1	4	2	12	3	15
Germany	1	4	-	-	-	-	2	10	2	10	1	6	-	-	-	-	-	-	-	-	1	6	1	6
Morocco	1	7	1	7	1	7	1	7	1	7	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pakistan	-	-	1	7	1	7	1	7	-	-	-	-	1	7	1	7	-	-	-	-	-	-	-	-
India	1	7	-	-	-	-	-	-	1	7	1	7	-	-	-	-	-	-	-	-	-	-	1	5
Trieste	-	-	-	-	-	-	-		1	7	1	7	1	7	-	-	-	-	-	-	-	-	-	-
TOTAL	109	638	108	567	122	738	120	720	132	857	128	808	130	816	135	853	139	869	126	795	138	850	151	842

a/ - This table excludes vessels under 1,000 gross registered tons. This table excludes vessels involved wholly in Communist Chinese coastal trade during a month.
b/ - Gross tons are in thousands of tons.

CONFIDENTIAL

CONFIDENTIAL

TAB C-4

Non-Bloc Registered Merchant Shipping in Communist Chinese Coastal Trade a/ b/
1954

COUNTRY OF REGISTRY	JAN		FEB		MAR		APR		MAY		JUN		JUL		AUG		SEP		OCT		NOV		DEC	
	NO.	GRT.	NO.	GRT.	NO.	GRT.	NO.	GRT.	NO.	GRT.	NO.	GRT.	NO.	GRT.	NO.	GRT.	NO.	GRT.	NO.	GRT.	NO.	GRT.	NO.	GRT.
United Kingdom	5	20	7	29	6	27	7	28	7	29	6	23	4	16	3	11	4	20	6	26	5	17	4	13
Sweden	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	3	1	3	1	3	-	-	-	-
TOTAL	5	20	7	29	6	27	7	28	7	29	6	23	4	16	4	14	5	23	7	29	5	17	4	13
RESIDENCE OF BENEFICIAL OWNER																								
Chinese Communist	2	13	3	16	3	16	3	16	3	17	2	9	2	9	1	5	2	13	4	21	2	8	1	5
United Kingdom	3	7	4	13	3	11	4	12	4	12	4	14	2	7	2	6	1	7	2	5	3	9	3	8
Sweden	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	3	1	3	1	3	-	-	-	-
TOTAL	5	20	7	29	6	27	7	28	7	29	6	23	4	16	4	14	5	23	7	29	5	17	4	13

a/ - This table excludes vessels under 1,000 gross registered tons. This table includes only those vessels engaged solely on voyages between Chinese Communist ports during the month.

b/ - Gross tons are in thousands of tons.

CONFIDENTIAL

CONFIDENTIAL

TAB C-2

Volume of Soviet Bloc Shipping Involved in Communist Chinese Seaborne Trade by Months a/ 1954

Month	TOTAL			SOVIET b/			POLISH c/			CZECH d/		
	No.	GRT. (Thousands of tons)	Cargo-Carrying Capacity (Thousands of tons)	No.	GRT. (Thousands of tons)	Cargo-Carrying Capacity (Thousands of tons)	No.	GRT. (Thousands of tons)	Cargo-Carrying Capacity (Thousands of tons)	No.	GRT. (Thousands of tons)	Cargo-Carrying Capacity (Thousands of tons)
January	59	322	483	40	205	307	19	117	176	-	-	-
February	61	339	498	42	220	330	19	119	178	-	-	-
March	47	261	391	30	152	224	16	103	154	1	5	8
April	39	219	324	24	125	157	14	89	134	1	5	8
May	45	252	366	29	156	234	15	97	146	1	5	8
June	39	216	324	25	127	191	13	84	126	1	5	8
July	32	178	257	18	89	134	12	77	115	2	12	18
August	25	152	228	11	54	81	14	86	129	2	12	18
September	27	148	222	10	46	69	15	90	135	2	12	18
October	29	156	234	13	58	87	14	86	129	2	12	18
November	43	227	341	25	124	186	14	86	129	3	17	26
December	53	283	432	33	149	234	17	102	153	3	17	26
MONTHLY AVERAGE	42	230	344	25	126	183	15	95	142	2	9	13

a/ - Excludes vessels under 1000 gross registered tons.

b/ - Eighty different Russian ships (68 cargo vessels, 12 tankers) of 400,704 gross registered tons with a cargo carrying capacity of approximately 601,000 tons were involved in trade with Communist China during 1954.

c/ - Twenty-five different Polish ships (23 cargo vessels, 2 tankers) of 154,800 gross registered tons with a cargo carrying capacity of approximately 232,000 tons were involved in trade with Communist China during 1954.

d/ - Three different Czech ships (all cargo vessels) of 17,162 gross registered tons with a cargo carrying capacity of approximately 26,000 tons were involved in trade with Communist China during 1954.

CONFIDENTIAL

SECRET

TAB C-6

Non-Bloc Flag Vessels in Communist Chinese Coastal Trade - 1954

VESSEL	FLAG	GRT	REMARKS
1. Belapur	BR(CC)	7939	General coastal in January, February, March, April, May and September. Traded Shanghai-Dairen during October.
2. Grosvenor Mariner	BR	3197	Traded Shanghai-Foochow in February, March, April, May, June, August, September, October and November. General coastal trade in August.
3. Ohma	BR	4437	Traded North China ports in October.
4. Hippopotamus	BR(CC)	3372	Traded North China ports in February, March, April, May, June, July, October, and November.
5. Incharran	BR	3529	Traded North and Central China ports in January, February, April and June. Traded Shanghai-Foochow in September, November and December.
6. Inchkelay	BR	1941	General coastal trade during January. Traded Shanghai-Foochow in October and December.
7. Inchkilda	BR	1903	General coastal trade during February. Traded Shanghai-Foochow in November
8. Inchulva	BR	1935	General coastal trade during May.
9. Inchwells	BR	1896	General coastal trade in January and April.
10. Kantao	BR	4312	General coastal trade in February, March, May, June and July. Traded North China ports in November
11. Normanbris	BR	3342	Traded North China ports in August, September, and October.
12. Northern Glow	BR(CC)	5135	Traded between Shanghai and North China ports throughout the year.
13. San Eduardo	BR	2994	General coastal trade during March and April. Traded Shanghai-Foochow in May, June and July.
14. Tai Sang Kong	BR	2665	General coastal trade in December.

SECRET

C-O-N-F-I-D-E-N-T-I-A-L

TAB C-7

Communist Owner Merchant Vessels Whose Panamanian Registries Are Known To Have Been Cancelled In Accordance With The Panamanian Government's Decree Number 631

No communist owned merchant vessels are known to have had their Panamainan registries cancelled in 1954. Two vessels whose registries were cancelled in 1953 were not included in EIC-RI-S3:

Vessel	Gross Tons	Manager/Operator
La Canirena	3327	Ming Sung Industrial Co.,(Hong Kong), Ltd.
La Colorada	3327	Ming Sung Industrial Co.,(Hong Kong), Ltd.

For all other vessels refer to EIC-R1-S3

C-O-N-F-I-D-E-N-T-I-A-L