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CONFERENCE [ ] INTELLIGENCE AGENCIES  
 ON CHINA'S FOREIGN TRADE IN 1955  
 AND THE TRANSPORT INVOLVED

JOINT STATEMENT OF RESULTS

INTRODUCTION

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[ ] intelligence teams met [ ] from  
 4th-16th June, 1956 for discussions on China's foreign trade in 1955  
 and the transport involved. The U.S. team consisted of representatives  
 of the Department of State, O.N.I., A.C.S.I. and C.I.A. [ ]

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2. The teams taking part in similar discussions in previous years were committed to producing jointly an agreed report covering all aspects of the subject in considerable detail. On this occasion, however, they were instructed to limit themselves to exchanging views, establishing the extent of their agreement on the principal aspects of the subject and producing a short, joint statement reflecting the areas of agreement and disagreement. This statement follows below.

GENERAL CONCLUSION

3. The discussions revealed no differences of opinion between the two teams on matters of fundamental importance. Such differences as emerged referred only to points of detail which do not affect the broad agreement.

VALUE OF TRADE

4. The Chinese have published only preliminary figures for the value of their foreign trade in 1955, but both teams agree that it increased considerably during the year. They estimate its distribution to have been approximately as follows:-

VALUE OF CHINA'S FOREIGN TRADE IN 1955

	<u>Imports</u>	<u>Exports</u>
	(millions of U.S. dollars)	
Communist Countries		
U.S.S.R. ....	1,485	915
European Satellites ....	450	450
Asian Satellites ....	65	185
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Total Communist Countries .....	2,000	1,550
Non-Communist Countries .....	400	450
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TOTAL	2,400	2,000
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5. China's total trade is estimated to have increased by a little more than a quarter over that of 1954. The increase has been spread almost equally between her trade with Communist and with Non-Communist countries and the ratio between them remains much the same as in 1954, i.e. 80% with the Communist and 20% with Non-Communist countries.

6. The estimated division of China's trade with the other Bloc countries is, as in previous years, tentative, the figures in the table above being based primarily on deductions from official Chinese statements. Actually it is difficult to reconcile the figures for the European Satellites as a whole with what is known separately of the sea-borne and overland parts of their trade with China. It may be that more trade moved overland than has previously been thought likely, or that later Chinese announcements will show the existing figures for Sino-European Satellite trade to be an overestimate. This problem is complicated by difficulties in interpreting intelligence material about the commodity composition and therefore the total value of unidentified sea-borne cargoes moving in both directions between these countries and China. In any event trade with the U.S.S.R. would account for over half of China's total foreign trade.

7. For the first time Communist China appears to have had a small export surplus (estimated at \$50 million) in her trade with Non-Communist countries. On the other hand, she had a considerable import surplus in her trade with the Bloc, in spite of the export surplus of over \$100 million with the Asian Satellites as a result of the Chinese Aid Programme. This import surplus, estimated at \$450 million, probably reflects the transfer of considerable quantities of Soviet military material to Chinese ownership. These supplies were covered by a military loan from the U.S.S.R. to China announced in the Chinese budget for 1955. The actual size of the loan and the conditions attached to it are not yet known, but the U.S. team considered \$550 million a probable amount. [redacted] provisionally accepts this figure and is confident that the true figure was not less than \$300 million.

8. China's direct imports from Non-Communist countries consisted mainly of textile fibres, fertilizers, chemicals and rubber and she also imported iron, steel and machinery from them via Gdynia in order to avoid Western export controls. [redacted] such transshipments at a minimum of 150,000 tons (including 114,000 tons of iron and steel), valued at \$50 million, through compiling intelligence reports on specific shipments. [redacted] these transshipments at 240,000 tons (including 186,000 tons of iron and steel) valued at \$68 million, through examining the manifests of a portion of the cargoes and prorating the composition and origin of the total cargo on the basis of this sample. Both teams agree to accept a tentative estimate of about 200,000 tons, valued at approximately \$60 million, as a rough measure of this traffic.

9. There have been few striking changes in the pattern of China's trade with individual countries. But the year saw a further decline in the use of Hong Kong as a direct channel for Chinese imports. There is also some evidence of China's participation in the expansion of Bloc trade with under-developed countries, mainly in South-East Asia; so far, however, her share of this trade is still small.

VOLUME OF TRADE

10. The tonnages involved are estimated by both teams to have been roughly as follows:-

SECRETVOLUME OF CHINA'S IMPORTS AND EXPORTS, 1955

(thousands of metric tons)

<u>Imports</u>	<u>By Sea</u>	<u>Overland</u>	<u>Total</u>
From the U.S.S.R. ....	30	1,970	2,000
" " European Satellites ....	420	150	570
" " Asian Satellites .....	-	515	515
" " Non-Communist Countries .	1,550(a)	-	1,550
TOTAL	2,000	2,635	4,635

Exports

To the U.S.S.R. ....	612	3,388	4,000
" " European Satellites ....	1,250(b)	200	1,450
" " Asian Satellites .....	35	1,225	1,260
" " Non-Communist Countries ...	2,720	132	2,852
TOTAL	4,617	4,945	9,562

(a) Including about 200,000 tons of unrecorded imports, valued at about \$60 million, from Western Europe which were transhipped at Gdynia and about 75,000 tons, valued at about \$15 million, of unrecorded imports from South East Asian countries.

(b) Including exports off-loaded at non-Communist European ports, mainly Hamburg and Rijeka, and sent overland to the European Satellites. This figure also includes about 30,000 tons of foods, valued at a little less than \$5 million, which were resold by the Satellite consignees and delivered to Western Europe.

11. These figures show that the volume of China's trade increased by roughly one-third over 1954 to some 14 million tons. Seaborne tonnages increased by about 30% to 6.6 million tons; measurement of overland tonnages for both years is necessarily less precise. Imports totalled 4.6 million tons and among the major tonnages were fertilisers from non-Bloc countries, P.O.L. from Bloc countries and iron and steel from both. Exports totalled 9.6 million tons, the major tonnages being cereals, oilseeds, coal, iron ore and pig iron.

TRANSPORT AND TRANSPORT SERVICES

12. Shipping. Review of the details of individual ship voyages to and from Communist China in 1955 resulted in complete agreement 25X1  
25X1 facilitated by pre-conference exchange of basic information and tabulations for 1955. Final conference checks of previously unresolved voyages indicate that the advance U.S. tabulations of shipping data were correct to within one per cent of the total tonnages. Accordingly the following general picture of the shipping pattern has been agreed without recalculation for minor conference changes.

13. There was an increase of almost 20% in the gross registered tonnage of the ships arriving in China in 1955 compared to 1954. Communist China continued to be heavily dependent on non-Bloc shipping, which accounted for 81% of the tonnage of all 1955 arrivals. Slightly over half of the non-Bloc tonnage was under British flag; another quarter was Japanese,

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Dutch and Norwegian; and the remainder was divided among thirteen other Free World countries. Bloc shipping arrivals were composed of Soviet, Polish, and Czech ships (60%, 35% and 5% of the tonnage respectively). Chinese ships carried no ocean-borne trade except a small export to North Vietnam. China, however, shares control with Poland over the services provided by Polish vessels on the Chinese run, but the details of the particular arrangements involved are difficult to determine.

14. The general pattern of non-Bloc shipping movements was relatively little changed in 1955 over 1954. There were, however, noticeable changes in the 1955 pattern of Bloc shipping arrivals, particularly a sharp increase in the number of tankers from Europe which unloaded P.O.L. in the Soviet Far East before proceeding in ballast to China to pick up return cargoes. Thus 59% of Bloc ships arriving in China came from the Soviet Far East, but only 39% of Bloc ships leaving China went to that area.

15. The shipping tonnage in Communist China's foreign trade during 1955 by geographic area of origin and destination is agreed to have been distributed substantially as indicated in the following table:-

ORIGIN AND DESTINATIONS OF SHIPPING TONNAGE IN  
CHINA'S FOREIGN TRADE, 1955

<u>Geographic Area</u>	<u>Origins</u> (Per cent of Total <u>G.R.T.</u> )	<u>Destinations</u> (Per cent of Total <u>G.R.T.</u> )
Western Europe	27	29
Japan	24	20
Hong Kong	17	20
Bloc Europe	9	13
U.S.S.R. (Far East)	6	7
Other	17	11
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16. Inland Transport Connections. The teams agree that the railroads continued to carry over 95% of China's overland foreign trade. The Sungari River, a few roads and air transport carried the small remaining balance. There have been two significant developments during 1955 and early 1956. The completion of the trans-Mongolian railroad represents a valuable addition to the facilities for the movement of trade between China and the U.S.S.R. The rehabilitation of railroads in North Vietnam has improved transport connections between that area and China.

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18TH JUNE, 1956.