

CENTRAL INTELLIGENCE AGENCY

INFORMATION REPORT

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COUNTRY	Burma/China	REPORT NO.	
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THE SOURCE EVALUATIONS IN THIS REPORT ARE DEFINITIVE.
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(FOR KEY SEE REVERSE)

1. The intensity and scope of smuggling activities since early 1950 in areas along the Burma-China border have varied in accordance with local conditions of unrest, fluctuation in demand, products exchanged, and the tenor of official restriction.

1950

2. At the time the Chinese Communists occupied Yunnan in the first quarter of 1950, there were practically no restrictions of any kind and smuggling across the border was, to a great extent, unhindered. At Wanting, traders could come and go at will without official sanction from either side. There was a great demand for trucks, tires, gasoline, engine oil, grease, and vehicle spare parts from Burma. For the entire year 1950, it is estimated that approximately 400 trucks, 6,000 tires, 10,000 drums of gasoline (44 gallons to a drum), 4,000 drums of engine oil and grease were smuggled into China. Also, there were about 10,000 one-gallon tins of engine oil smuggled across and a large quantity of brake fluid. As for vehicle spare parts, the principal items in demand during 1950 were main springs, bearings, gaskets, plugs, and joints. Spare parts to the value of kyats 500,000 were sold to the Chinese during that year. The larger shipments of smuggled goods were paid for by the Chinese Communists in gold, while the smaller ones were paid for in Burmese currency notes.
3. During this same period, products in demand from the China side of the border included eggs, vermicelli, silk yarn, chinaware, hams, and rice. These items were purchased with Burmese currency notes.
4. The comparatively easy flow of smuggled goods in and out of Burma was made possible largely through bribery of the officials concerned. To get a truck through Kyuhkok gate, the bribe price varied from kyats 500 to kyats 5,000. These funds were shared by the customs officials, Union Military Police, and the intelligence officer. Later, smuggling through Kyuhkok became more difficult, and trucks were ferried across the Shweli River to Mengmao (N 24-02, E 92-52).

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5. On the Burma side, those primarily engaged in the smuggling business were neutral Chinese, Shans, Burmans, and Indians who were motivated solely by money.²

1951

6. There was a noticeable decline in illicit trade in 1951. Much of this was caused by a reshuffle of border officials by the Government of Burma and the imposition of harsher penalties for bribe-taking. The smuggling of trucks and spare parts was nearly halted and the demand from the China side shifted to kerosene and salt. In spite of restrictions, approximately 20,000 to 25,000 four-gallon tins of kerosene and about 2,000 tons of salt were smuggled to China. There was very little smuggling traffic from the China side into Burma.

1952

7. In 1952, the demand from China centered almost exclusively on rubber plants of approximately 18 inches in height.³ A million and a half of these plants, obtained in the Twante (N 16-43, E 95-56), Moulmein, Mudon (N 16-15, E 97-44), and Shwegyin areas, were transported to Muse and Namhkam. Chinese Communist agents on the border rejected 500,000 of them as unhealthy. Although such plants sold in Burma for kyats 5 to kyats 15 per thousand, the Chinese offered as high as kyats 25 per 100 plants.
8. In both 1951 and 1952, the Chinese Communists attempted to buy zinc, lead, tin, and wolfram ores left behind by the Japanese in the Shweli Valley area. The Shan-Kachin Company, Ltd. was also engaged in acquiring these ores at the same time and a price war ensued which doubled, and in the case of wolfram tripled, the values of the ores. The Shan-Kachin Company Ltd. managed to obtain nearly 200 tons of these ores which were shipped to Rangoon for export to Holland and England.

1953

9. At the present time, the principal products being smuggled into China from Burma are raw cotton, cotton yarn, and poplin cloth; silk yarn and Chinese art silk⁴ are in demand from China. Traffic in these commodities has been under way on a large scale for some time. In the last four or five months, Chinese art silk valued at kyats 300,000 to 400,000 has been smuggled into Burma.⁵ The Chinese have recently signified a renewed interest in trucks, but to date there have been no vehicles smuggled across the border.
10. In early 1953, the Chinese Communists also professed interest in obtaining nickel and copper from the people of the Shweli Valley. Nickel formerly sold for kyats 2.8 or 3 per viss⁶ in Burma, but the Chinese Communists are now offering kyats 30 per viss. In 1951-1952, copper sold in Burma for kyats 100 per viss. The Chinese Communists are now willing to pay kyats 180 per viss.
11. The Chinese Communists are also now eager to buy scrap iron and steel. Shans in the Shweli Valley are taking advantage of this situation by salvaging iron and steel from abandoned United States vehicles which were left behind in World War II. Old truck engine blocks are the main source of this material. To date, approximately 160 tons of this scrap metal have been bought by the Chinese Communists.
12. Medicines are also in demand by the Chinese at the present time. Those chiefly desired are American drugs such as penicillin, chloromycetin, and streptomycin. The smuggling of medicines into China affords a profit of almost 100 per cent.⁷
13. The Chinese Communists have recently set up an exchange control at Wanting. Individuals desiring to purchase goods from China must now exchange their Burmese currency for Chinese money at specified rates before any goods can be bought. There is rigid enforcement of this new procedure.

1. Comment. In 1950, a Dodge truck could be purchased in Burma for kyats 6,000 to 8,000. At Wanting, this value doubled, and by the time the truck reached Kunming, it was worth approximately kyats 20,000.

 Comment. The term "truck" as used above is believed to refer to used military vehicles left behind by the Allies during World War II.

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- 25X1 2. [] Comment. In the first two months of 1950, one Maung SEIN, aka Edward SEIN, a Burma-born Chinese operating motor supply shops in Muse and Kyuhkok, made a profit of kyats 30,000 from the smuggling of engine oil, gasoline, and motor spare parts.
- 25X1 3. [] Comment. This information was reported by the same source in [] dated October 1952. Commodity trends in the Wanting-Muse area were reported by another source [] which was dated mid-October 1952.
- 25X1 4. [] Comment. It is not known what the source means by the term "Chinese art silk". He may be referring to Chinese artificial silk, which is listed in the Chinese customs manual.
- 25X1 5. [] Comment. In some cases, the Chinese Communists turn over kyats 10,000 worth of art silk to certain Shan agents in Burma, requiring on-the-spot payment of kyats 5,000 and the balance to be paid when the material is sold. Only Shans are dealt with, because the Chinese Communists have no faith in the Indians or Burma Chinese.
- 25X1 6. [] Comment. A viss is a Burmese measure which used to be equivalent to 3.65 pounds and is now officially equal to 3.60 pounds.
- 25X1 7. [] Comment. At the present time, certain traders from the China side of the border cross over to Namhkam seeking various medicines on an average of once a month. Nurses from Dr. Seagrave's hospital at Namhkam state that these traders carry handwritten notes from Dr. BA SAW who was formerly with Dr. Seagrave before he joined NAW SENG's insurgents.

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