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CENTRAL INTELLIGENCE GROUP
INTELLIGENCE REPORT

5701

COUNTRY China

DATE:

SUBJECT Economic Information: Competition for Control of Industries, Canton Area

INFO. As stated

DIST. 24 January 1947

ORIGIN 25X1A6a [redacted] 25X1X6

PAGES 1
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Note: The following report indicates discord within the Kwangtung Kuomintang Party. Recent events show that competition is developing between the Kwangtung Industrial Corporation and the Lingnan Industrial Corporation for control of Canton's industries.)

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1. The Kwangtung Industrial Corporation (廣東實業公司), nominally a government organization, is actually a private enterprise, backed by Governor LO Cho-ying, and controlling practically all industry in Kwangtung Province. Its Director, until early November 1946 was Governor LO's brother-in-law, LAN Sun (藍孫).

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2. Recently protests have been mounting against the operations of the Corporation. Appropriation of funds from the Kwangtung Provincial Bank to the Corporation aroused considerable press comment. Another target of criticism was the Corporation's monopoly of transportation in Kwangtung. One of the chief critics was LIN Yi-chung (林彜中), Chairman of the Kwangtung Provincial Council. In late October Chairman LIN was attempting, through connections in Nanking, to have the Corporation's Director arrested, and to have an official investigation of the Corporation's books. Governor LO, being informed of this move, forestalled it by an abrupt reorganization of the Corporation in early November, in which he replaced his brother-in-law as Director, with the appointment of LO Ch'u-ets'ai (羅楚材), said to have connections with General CH'EN Cheng.

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3. While the Kwangtung Industrial Corporation was undergoing reorganization, a new corporation was formed by the Kwangtung Provincial Kuomintang Party: the Lingnan Industrial Corporation, with two Directors, YU Chün-hsien (), head of the Kwangtung Provincial Kuomintang office, and LIN Yi-chung, who attempted to oust LAN Sun as Director of the Kwangtung Industrial Corporation. The new Corporation has as its aim to wrest control of Canton's industries from the Kwangtung Industrial Corporation. It is backed financially by the Canton Municipal Bank (廣州市銀行) and has its offices at 60 Nan Min Road. Beginning 1 January 1947 the Corporation will publish the Lingnan Daily News. (嶺南日報).

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