

CONFIDENTIAL

CD NO. 25X1A

COUNTRY China

DATE DISTR. 10 NOV 50

SUBJECT Iron Mines and Stocks, Hainan

NO. OF PAGES 3

NO. OF ENCLS.
(LISTED BELOW)

25X1A

SUPPLEMENT TO
REPORT NO.

25X1X

1. The T'ientu (109-37, 18-18) iron deposits are connected with Yulin by a single-track one-meter gauge railroad. The deposits were mined by three glory holes through which the ore was dropped. It broke readily and did not need crushing or washing; the average-grade was 65 percent. A conveyor belt with the capacity of 600 tons per day carried the ore to large ore bins at the surface. From the ore bins the ore was loaded by gravity into freight cars and taken to Yulin.
2. At the mine there are four 3/4-yard Lima shovels, two of which are diesel and two gasoline; one 8-yard scraper; eight tractors (two 14 1/4 T's and six D-7's); and a diesel power plant which operates several compressors and the motors for the conveyor belt. Also available in the area are eight former U.S. Army bulldozers.
3. There are only about one million tons of ore remaining at T'ientu which can be mined without building a washing plant. With repairs to the present equipment, the output could easily be raised to 800 long tons a day.
4. Before mechanization of the mine, mining costs were more than US \$4 a ton; after, the total cost of mining, shipping to the port and loading on a ship was only US \$1.80 a ton (neither figure includes bribes, which were the major cost under the Nationalists). The mechanization cut down the number of workers by 2,000. This was the only well-mechanized operation in South China.
5. Under the Nationalists a Dr. KUO (also called KWOK), who is now in Hong Kong, received bribes of US \$18,000 a month. KUO is trying to get into the good graces of the Communists but so far has not succeeded.
6. The Communists are anxious to start operations at the T'ientu deposits again, and have ordered about US \$15,000 worth of spare parts for equipment there. However, they do not want to sell the iron ore to Japan unless they can get railroad equipment and steel in return.

This document is hereby regraded to CONFIDENTIAL in accordance with the letter of 16 October 1978 from the Director of Central Intelligence to the Archivist of the United States.

Next Review Date: 2000

CLASSIFICATION

CONTROL - U.S.

STATE	NAVY	AIR	ARMY	AFSRR	FBI	DISTRIBUTION
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	

Document No.			
No Change In Class.	<input type="checkbox"/>		
Class. Changed To:	TS	S	C
Auth.	HR 70-2		
Date:	27-6-78	By:	35

CONFIDENTIAL

~~SECRET~~/CONTROL - U.S. OFFICIALS ONLY

CENTRAL INTELLIGENCE AGENCY

- 2 -

25X1A

7. The Communists have placed a 22-year-old mining engineer in charge of the T'ientu mine, but no work is being carried on. Barbed wire has been strung all around the outside of the workings. Heavy rains have washed overburden into the mine workings. There is no fuel for the locomotives but fuel is available for the diesel equipment.
8. The T'ientu-Yulin railroad has 120 20-ton cars and 7 locomotives. One locomotive can pull 15 20-ton cars.
9. There are 10,000 tons of iron ore stockpiled at Yulin.
10. At the port of Yulin there is a conveyor belt running to the stockpile and another belt for loading ships which carries the ore to two loaders. The capacity of each belt is 600 tons per day.
11. Yulin harbor is well-protected and loading has been carried on even during a typhoon. A 10,000-ton liberty ship could come right up to the dock to be loaded.
12. When the Nationalists left, they burned the wooden supports holding the conveyor belts at Yulin, burned most of the belts and damaged the conveyor belt motors. They set explosives under one loader and wrecked the steel supports. A tug was sunk at the entrance to Yulin harbor, blocking the entrance; however, 4,000-ton boats can still enter the harbor.
13. The Communists are planning to replace the damaged belts with some surplus belt they are bringing down from the Shihlu mines, where it has been stored for some time.
14. The Communists have improved fortifications on the west side of Yulin harbor and have started a cartridge factory in an abandoned cement plant about one mile northwest of the ore-loading dock. They are using captured Nationalist US-made equipment.
15. The Shihlu (109-07, 19-15) mine is the largest iron ore deposit on Hainan and is believed to be the largest deposit of high-grade ore in the Far East. At least 200,000,000 tons could be mined with little difficulty. The Japanese mined at Shihlu by open cut, using hand labor and very little equipment.
16. As part of a long-range program, the Communists are thinking of reopening the Shihlu mine, but they believe that it will take help from foreign technicians to get it started, and they are also worried about the large investment required.
17. Little equipment is left at Shihlu except for ore cars, conveyor belting and compressors. It would take over a year and about US \$6,000,000 to reopen the mines and begin to ship ore on a large scale from Shihlu. The main problem in starting operations would be the rebuilding of the big bridge over the river which was completely destroyed.
18. The Shihlu deposit is connected with Peili (108-43, 19-08) by a Japanese-built 35-mile railroad. It is in bad repair and sleepers have been stolen from it. The Japanese planned to electrify the railroad and all of Hainan with a hydroelectric power plant, which is about 80 percent completed, on the Ch'angchiang River near Tungfang (109-05, 19-05). The generators and all of the heavy equipment at the plant are said to be in good condition.
19. There are 60,000 long tons of iron of 65 percent stocked by the Japanese at the port near Peili bay. The coast is very shallow for nearly twenty miles

~~SECRET~~/CONTROL - U.S. OFFICIALS ONLY

~~SECRET/CONTROL U.S. OFFICIALS ONLY~~

CENTRAL INTELLIGENCE AGENCY

- 3 -

25X1A

offshore in this area and only small ships (about 4-5,000 tons) can load. B. Ott & Company arranged for the use of a floating dock in this area but it was never used because of difficulties with Nationalist officials over bribes connected with its use.

25X1A

~~Comment. Pictures of Hainan iron ore operations are available in CIA Graphics Register.~~

~~SECRET/CONTROL U.S. OFFICIALS ONLY~~