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H.B.M. Military Attache, British Embassy, Chungking.

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Ref .: INT/HQ/003/45.

From: Commandent, B. A. A. G., Kunming.

Date: 20 Mar 45.

Subject: - Report on Conditions in HONGKONG.

A short time ago a questionnaire was received from D.M. MACDOUGALL, Esq. of the Colonial Office asking for information concerning recent conditions in HONCKONG.

- 2. Enclosed is a copy of an outline compiled for Mr. MACDOUGALL by our Intelligence Section in answer to that questionnaire.
- by us before 28th February 1945, the passing of this to
 Mr. MACDOUGAIL is not considered here as a breach of orders whereby all secret intelligence must now be passed through I.S.L.D. only.

Headquarters, B. A. A. G.,

Colonel, Commandant, British Army Aid Group.

Kunming. LTR/hmk

Distribution:

- H.B.M. Military Attache, Chungking.

2 - War Office, London.

3 - D.M.I., G.H.Q., New Delhi.

4 - 'I' Sec, B.A.A.G.

5 - File.

200 1111 wo. COPYRIGHT - NOT TO BE REPRODUCED PHOTOGRAPHICALLY WITHOUT PERMISSION Office of H. B. M. Military Attache, British Embassy, Ref. MA/188 CHUNGKING. M12 (b) 26th March, 1945. Director of Military Intelligence, M.I. 2, War Office, EBILL London. I enclose herewith a copy of an admirable report on conditions in Hong Kong compiled by the Intelligence Section of The British Army Aid Group at the request of Mr. MacDougall. 2 4 Witness Him. Lisage. Major General, H.B.M. Military Attache.

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HEADQUARTERS BRITISH ARMY AID GROUP CPINA

AN OUTLINE OF CONDITIONS IN OCCUPIED HONGKONG.

The report which follows is limited in so far as it has been completed from information received through B.A.A.G. sources. It is not claimed to be comprehensive and throughout should be treated on its merits as an Outline only.

The changing situation in South China in past months has had its effect on the receipt of economic intelligence on Hongkong by these headquarters, and reservation should therefore be made for possible major points not included in this report.

It is hoped that it may be possible to supplement this Outline if and when pertinent information should become available, and that the paragraphs which follow may prove of value as a basis for future reports.

1 March 1945.

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autline of Conditions in Occupied Hongkong

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SUMMARY

Social and economic conditions in HONGKONG have steadily deteriorated under the Japanese, particularly since the latter part of 1943. HONGKONG has always been dependent on outside sources for a large part of its food supply and for other essential commodities. Shortages arose as a result of Japanese shipping difficulties, and have remained unrelieved. The scarcity of rice imports forced the administration in April 1944 to suspend the public rice ration which had been maintained for over 2 years. Lack of coal seriously dislocated all public services and local communications, besides leading to restrictions on industry and dockyard activity. The enemy also proceeded to remove machinery from industrial premises, and by the end of 1944 many large plants had been partially or wholly stripped. Prices of commodities rose phenomenally and the value of the Military Yon steadily declined in value. Towards the close of 1944 conditions in general showed signs of becoming progressively worse.

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