

WATCHDOG INTELLIGENCE SUMMARY NO.15. Copy No. 2

DATE: - 30 Dec 42.

sub-Division No.5 - News of Hongkong for M.A.

b. ECONOMIC.

There is a rumour that Hongkong Dollar currency is to go completely out of circulation on 15 Jan 43 (Source - Refugee).

Large numbers of Hongkong notes have been shipped to Japan (Source - trader known to us).

The further elimination of the use of Hongkong Dollar currency in favour of Military Yen notes, which are un-numbered, (e.g. prohibition of use in paying for tram and ferry fares), indicates that the possibilities of undermining the economic system prevailing under Japanese administration are increasing. We presume that the appropriate authorities have samples of the Military Yen notes in circulation in Hongkong and have considered the effect of dropping from aircraft really large quantities of Military Yen notes, printed in India or elsewhere, not only on Hongkong and Kowloon but over villages in the New Territories.

Failing this method our organisation offers excellent facilities for circulating any well forged currency.

Owing to the fact that immediately after the fall of Hongkong the Japanese shipped away to Japan and Hainan all existing stocks of raw materials, there is now an acute shortage and the Japanese are feverishly seeking out small remaining stocks of Pig Iron, Copper, Wolfram and Wax. Cotton yarn is bartered by the Japanese for Wolfram, Wood Oil and Rice, which are smuggled out from Free China. They also barter opium for these commodities.

Most of Hongkong's import trade at the moment is Foodstuffs - from Canton, Indo-China, Siam, Singapore, etc. Exports represent manufactured goods from old stocks and sugar (from Taikoo Refinery). All trade is on a barter basis.

The Japanese are very short of oil. Rumours are that buses will stop in about 4 months' time. In Kowloon horse buses are in use - 8/10 passengers - rubber tyres.

(Source - refugee known to us).

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