

31 October 1950

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MEMORANDUM TO: [REDACTED]

FROM: EN Branch

SUBJECT: Chronology of United States Export Control Policies toward Far Eastern Areas.

ACR PD #239 of 5 October 1949 established policies and procedures for processing license applications for Far Eastern areas. This PD superseded ACR PD #105 which it is believed provided for general review of license applications for Far Eastern destinations.

PD 239 provided that I-A cases, in general, should be held without action by OIT except cases recommended for approval should be referred to the R Procedure Subcommittee. ECA financial shipments of I-A items to South Korea could be approved without referral to the committee provided NME and AEC offered no objection.

I-B applications for shipment to North Korea and Manchuria were to be screened and permitted only in limited quantities for civilian use. I-B applications for other areas were to be approved within limited quantities for normal civilian purposes.

November 8, 1949, Amendment I authorized OIT to deny license applications covering I-A items where evidence of transshipments existed.

24 February 1950: certain policies and procedures for processing license applications for Far Eastern areas were put into effect. In general, Class I-A cases for shipment to these areas were to be held without action by OIT. Specifically, OIT under PD #294 was to deny I-A cases where transshipment possibilities to Eastern European destinations existed. Exceptional I-A applications were to be referred to the R Procedure Subcommittee. ECA financed cases were to be approved if no objections were raised by NME or AEC. In general I-B commodities were to be screened by the R Procedure Subcommittee. I-B commodities were to be denied to North Korea where there was possibility of transshipment; they could be approved where used for civilian purposes and were restricted to small

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quantities. I-B shipments to other Far Eastern destinations were to be denied where possibilities of transshipment existed; could be approved within quantitative limits for civilian use; could be approved to Taiwan, South Korea, Hong Kong, or Macao

Amendment I of March 28, 1950 prohibited shipments of motor gasoline, kerosene, gas oil, and distillate fuel oil to China (excluding Taiwan and Hong Kong).

Amendment II of May 2, 1950 provided for OIT to authorize, validate or deny license applications for certain precision instruments (radio receiving equipment) for all Far Eastern destinations. No cases were to be denied unless there was evidence of transshipment to Eastern European destinations and there had been prior notification to the State Department. Approvals were to be rendered in accordance with APH #294.

Amendment IV (undated) authorized OIT to deny certain export applications for China.

Amendment V of June 8, 1950 provided that all I-A cases for shipment to Communist China and North Korea shall be denied by OIC.

AGR PD 339 of June 28, 1950 provided that "validated export licenses are required for shipment of any commodity or technical data to North Korea (North of 38th parallel)". Export license applications to this area were to be denied and previously validated licenses suspended.

AGR PD 341 of June 30, 1950 authorized OIC to deny export licenses for I-B commodities for Communist China without referral to the R Procedure Subcommittee. All cases not recommended for denial were to be held without action.

AGR PD 340 of June 30, 1950 authorized OIC to approve or deny with referral to R Procedure Subcommittee all applications for Taiwan after clearance with State, Defense, ECA (on ECA financed cases) and where appropriate AEC. In general applications for the Nationalist Chinese Government were to be approved.

AGR PD 361 of August 14, 1950: This PD revoked previously established procedures with respect to the Far East

- a. North Korea: OIC was to deny license applications for shipments of commodities or technical data whether or not on the Positive List to North Korea.
- b. Communist China: I-A commodities were to be denied by OIC. There was a basic presumption for denial of all I-B cases. OIC was authorized, after consultation with State to deny I-B applications without referral to the R Procedure Subcommittee.

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c. Hong Kong and Macao: OIC was authorized to deny I-A applications where there was evidence of possible transshipment to Soviet bloc destinations.

All other I-A cases should be referred to R Proc except that OIC should process, (without referral), cases covered by established programs.

OIC was authorized to deny I-B cases where transshipment possibilities existed. All other cases were to be reviewed by R Procedure except for those covered by special quota programs.

License applications covering all controlled petroleum products should be acted on in such a way that adequate stocks to supply local civilian needs be maintained. No applications were to be approved if " the approvals of the particular product plus the inventory for civilian purposes at Hong Kong and Macao of the applicant or his agent would exceed a 90 day supply on arrival."

d. South Korea : OIC was authorized to process all applications on an ad hoc basis after clearance with ECA, State, Defense and AEC

e. Taiwan: OIC was authorized to process, without referral to committee, cases for Taiwan after appropriate agency clearance. In general, Nationalist applications were to be approved but denial would follow where evidence of transshipment existed.

Amendment #3 of October 16, 1950 provided that:

All export applications covering Lists I and I-A shall be denied by OIT; there is a basic presumption for denial of all I-B cases for Communist China.

**APPENDIX I**

**Subject: Evaluation of Far Eastern Developments re Security Export Controls**

The following excerpts are taken from OC DOCUMENT No. 464 dated 25 August 1950 and are pertinent to the foregoing study:

In response to developments since the invasion of South Korea, the Department of Commerce has:

1. Suspended shipments of all commodities to North Korea.
2. Stopped the issuance of licenses to Communist-controlled China, placed review of such applications on a par with review of Eastern European cases, i.e., a strong presumption for denial of LB commodities and embargo of many commodities, and in, as an interim measure, holding without action those applications on which validated export licenses would otherwise be issued.
3. Reduced to NONE the GLV to Communist China and North Korea.
4. Has revoked outstanding validated export licenses to the China Mainland.
5. Acted to expedite all shipments to Taiwan and the Republic of South Korea.

With respect to the problem of export controls, the State Department has taken the following action with other nations:

1. Obtained agreement from COCOM members for imposition of control of International Lists I and II to China and North Korea with the same criteria as for Eastern Europe. (It should be noted that Canada was not able to give assurance of formal controls over List II to North Korea, but assured care being taken over re-export to North Korea, and that Denmark has no controls over List II items.)
2. Obtained agreement from the UK to suspend shipment of International List I items from Hong Kong and Singapore to Communist China and North Korea.
3. Obtained an official commitment from the Republic of the Philippines to institute control over important security commodities to Communist China and North Korea (and other disturbed Far Eastern areas).
4. Advised U.S. POLAD (Tokyo) of changes in U.S. policy. As a result, additional control over Japanese trade with China has been imposed; however, Japan continues to maintain some trade with Communist China in strategic commodities; the issue of controls of such trade is understood to be unsettled.
5. Obtained at COCOM the addition of all major petroleum products to International List I.

**APPENDIX II**

**Subject: Selection of Certain Strategic Items of Value to Communist China  
which were included in Export Control Lists**

Among the important items found on export control lists during the period following the outbreak of hostilities in Korea were:

**Lists**

**1A List of 25 July 1950:**

1. Certain metal working machinery
2. Aviation gasoline and lubr oils
3. Diesel engines (certain types)
4. Copper bands for shells
5. Radar and radio navigation equipment (certain types)
6. Bullet proof tires

**1B List of 25 July 1950:**

1. Road machinery
2. Radio receiving sets
3. Rubber compounding agents
4. Glycols
5. Anti-fouling paints
6. Alloy and stainless steel
7. Railroad rails
8. Copper
9. Brass and bronze
10. Tin plate
11. Truck tires, specific categories
12. Diesel engines, 65 HP and under
13. Ball and roller bearings.