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SECURITY INFORMATION

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Imposition of a UN Embargo on Shipping and Exports to Communist China

a. A UN embargo on all exports to Communist China would be of limited effectiveness by itself because: (a) there would undoubtedly be a sufficient number of non-cooperating countries to maintain a continued flow of exports to China; (b) goods sent in normal trade by cooperating countries to non-cooperating countries could be transshipped to China; and (c) the premium which Communist China would pay for vital materials would stimulate evasion of the embargo in all countries. If exports were permitted to Port Arthur and Dairen, this would leave another loophole. Finally, unless exports from Hong Kong and Macao to Communist China were prohibited, the effect of the embargo would be largely nullified.

b. An embargo on shipping to Communist China would be somewhat more effective than an embargo on exports. Regardless of where seaborne exports to Communist China originate, the bulk of these exports are carried by non-Communist registered shipping. Furthermore, the distribution of goods within China depends heavily on coastal shipping by foreign flag vessels which would be withdrawn by an effective embargo. A shipping embargo would not be effective, however, unless it were combined with restrictions on the sale or charter of merchant ships to Soviet Bloc and other non-cooperating countries, together with effective movement regulations such as refusal of clearance, blacklisting, and other world-wide pressures.

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c. The combination of these two courses of action would be substantially more effective than either imposed by itself. However, such controls would still leave many loopholes for exports to Communist China.

d. Although these controls would be sufficient to intensify the existing serious economic strains in Communist China, their impact would be long term and would not, in themselves, force the Chinese Communists to end the Korean war or threaten the stability of the Chinese Communist regime.

e. The Communists could overcome partially the effect of these measures by employing more of their ships in the China trade, even though such dislocation of Soviet Bloc shipping might impose serious problems for the Soviet Bloc. The USSR would also endeavor to expand overland shipments to Communist China.

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