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CABINET

CONTROL OF STRATEGIC EXPORTS  
TO CHINA AND NORTH KOREA

Memorandum by the Minister of State

In June, 1949, discussions were held in London between United Kingdom and United States officials regarding a proposal put forward by the United States for the control of strategic exports to China and North Korea. As a result of these discussions a paper (S.A.C.(49) 9) was submitted to the China and South-East Asia Committee of the Cabinet on 22nd July, 1949, recommending that His Majesty's Government should agree to impose controls on the export to China and North Korea of a specified list of strategic items, subject to the co-operation in the scheme of the Belgians, and also of the French and the Dutch, in respect of both their metropolitan and their Far Eastern colonial territories. A further condition was that the United States Government should institute similar controls in respect of exports from Japan. It was the intention that any controls instituted by the United Kingdom should also be imposed in Hong Kong and Singapore so as to prevent re-exports. The China and South-East Asia Committee approved these recommendations on 22nd July, 1949 (S.A.C.(49) 6th Meeting, Minute 1).

2. The United States Government were informed of this decision. There followed protracted discussions with the United States regarding detailed aspects of the control scheme, and the nature and content of the communication to be made to the French, Netherlands and Belgian Governments. In the meantime, political events in Indo-China and Indonesia made a reference to French and Dutch Far Eastern colonial territories inappropriate. In these circumstances, it was agreed that, while we should make every effort to secure participation in the proposed scheme by the Indonesian and Vietnam Governments, we should not be justified in making our own participation contingent upon the co-operation of these two Governments.

3. The United Kingdom and United States representatives in Paris, The Hague and Brussels, duly made parallel approaches to the French, Netherlands and Belgian Governments, requesting their co-operation in the proposed scheme of export controls. All three Governments replied indicating their agreement in principle on the desirability of denying strategic goods and materials to China and North Korea. The Netherlands and Belgian Governments, however, expressed certain reservations regarding the necessity of securing the co-operation of various other Governments concerned.

4. His Majesty's Government have also approached other Commonwealth Governments with a view to enlisting their participation in the proposed scheme of controls. So far, only three Commonwealth



Governments have replied. The reply of the Indian Government was negative, that of the Pakistan Government entirely non-committal, while the Government of New Zealand have expressed their willingness to co-operate.

5. In the light of events in Korea, the United States Government have now urgently requested us to agree immediately to impose on exports to China and North Korea the same controls as we now operate in regard to exports to the Soviet Union and her European satellites, irrespective of the decisions of the other Governments concerned. The United States Government have made a similar urgent approach to the French, Netherlands and Belgian Governments.

6. The importance of this issue at this particular moment is more psychological than practical. There is no flow of strategic goods from the United Kingdom to China and Korea, although it is believed that limited quantities have been re-exported through Hong Kong. Nevertheless, although there may be no urgent security reason for imposing controls at once, the political and psychological consequences of our refusing to co-operate with the Americans on this subject in the present circumstances would clearly be very undesirable. In view of the decision taken on S.A.C.(49) 9, the point for decision is whether we should still insist upon making the imposition of the desired controls in the United Kingdom, Singapore and Hong Kong contingent upon the imposition of similar controls by the French, Dutch and Belgians, or whether we should agree to impose controls unconditionally. Our own agreement to co-operate unconditionally on this subject would, of course, make it easier to secure the co-operation of other Governments.

7. It has hitherto been the intention that any export controls instituted by His Majesty's Government in regard to China should also operate in regard to exports to Formosa. The security justification for this decision was that it was believed that Formosa would inevitably, sooner or later, fall into Communist hands. This consideration no longer applies, and there seems no reason why Formosa should now be included in the proposed control scheme.

8. It is recommended -

- (a) that His Majesty's Government should agree to institute immediately, in respect of exports to China and North Korea, the same controls as are now operated in regard to exports to the Soviet Union and her European satellites;
- (b) that His Majesty's Government should immediately, and irrespectively of whatever the French, Netherlands and Belgian Governments may decide, arrange with the Governors of Hong Kong and Singapore for the imposition of the same controls in those colonies.

K.G.Y.

Foreign Office, S.W.1,

3RD JULY, 1950.

