

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
APO 500

AG 463.7 (2 Sep 48)GD
SCAPIN 1930/1

10 January 1949

MEMORANDUM FOR: JAPANESE GOVERNMENT

SUBJECT: Restoration to Private Enterprise of the
Operation of Petroleum Secondary Distri-
buting Facilities

1. References:

a. Memorandum for the Japanese Government from General Headquarters, Supreme Commander for the Allied Powers, AG 463.7 (2 Sep 48)GD, SCAPIN-1930, 2 September 1948, subject: Restoration to Private Enterprise of the Operation of Petroleum Main Terminal Facilities.

b. Articles 15 and 23 of the Petroleum Distribution Kodan Law.

2. For the purpose of this memorandum, Secondary Distributing Facilities are defined as petroleum facilities, other than main terminals, which are necessary for the storage, transportation, and distribution of petroleum products. Secondary facilities include, but are not limited to, upcountry depots, service and filling stations, rail tank cars, coastal shipping and motor trucks.

3. It is considered that conditions with respect to importation and distribution of petroleum products in Japan are such that it is now desirable to initiate the transfer to private operation of all secondary facilities and related equipment such as drums, tins and dispensing pumps now in use, or to be used by the Petroleum Distribution Kodan, whether owned by the Petroleum Distribution Kodan or by other agencies of the Japanese Government.

4. Effective immediately, the Japanese Government will:

a. Through appropriate governmental agencies and in accordance with established procedures, transfer to private operation, all secondary facilities and related equipment such as drums, tins and dispensing pumps now in use, or to be used by the Petroleum Distribution Kodan, whether owned by the Petroleum Distribution Kodan or by other agencies of the Japanese Government.

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b. Should private operators of any secondary facilities which are now operated, used, or leased by the Petroleum Distribution Kodan, or its agents, not be obtained in accordance with established procedures within sixty (60) days of the date of this memorandum, take the necessary action through the Director General of the Economic Stabilization Board to have a private operator assume responsibility for operation of such facilities.

5. Following the transfer of all facilities now in use to private operation, should it be deemed necessary, to accomplish efficient importation and distribution of petroleum products, to bring into use any additional facilities, the Director General of the Economic Stabilization Board shall determine such additional facilities as should be brought into operation, and shall take the necessary action to have a private operator assume responsibility for operation of such facilities.

6. Following assumption of responsibility by private operators for control and operation of the secondary facilities in accordance with the foregoing, petroleum products shall be distributed for Petroleum Distribution Kodan from such facilities under the provisions of service contracts to be entered into between the Petroleum Distribution Kodan and the private operators of such facilities. Such contracts shall provide for fair and adequate fees to be paid to the operators by the Petroleum Distribution Kodan, the provisions of such contracts to be approved in advance by the Director General of the Economic Stabilization Board and by the Supreme Commander for the Allied Powers. In approving the provisions of such contracts, only those fees will be approved which will provide to the operators of facilities fair returns to meet the cost of the operation of such facilities during the period such contracts are in force.

FOR THE SUPREME COMMANDER:

for R. M. Levy
R. M. LEVY
Colonel, AGD
Adjutant General