Declassified E.O. 12065 Section 3-402/NNDG NO. 775009

GHQ/SCAP Records (RG 331, National Archives and Records Service)

Description of contents

(1) Box no. 212

(2) Folder title/number: (39)
451: Vehicles

(3) Date: Jan. 1950 - Sept. 1950

(4) Subject:

Classification	Type of record
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(5) Item description and comment:

(6) Reproduction: (Yes) No

(7) Film no. Sheet no.

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J19

451

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CHIEF OF STAFF
SCAP and FEC

Date 9/23 1950

MEMORANDUM FOR: Gen. Fox

Deputy CofS, FEC ____	G-1 ____	G-4 ____
Deputy CofS, SCAP ✓	G-2 ____	ADC ____
Sec. Gen. Staff ____	G-3 ____	AG ____
Information & your file ____	____	____
Note & return to ____	This refers to ____	
Appropriate circulation ____	CofS file ____	
Necessary action ____	Noted ____	
Process action to C/S	Suspend to ____	
by draft letter ____	Return with reference ·	
by draft radio ____	dispatches ____	
Comment to C/S	This slip is part of	
by memo ____	permanent file ____	
orally ____	Destroy this slip ____	

Please have studied and draft of reply prepared.

DOYLE O. HICKEY
Major General, GSC

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>466

GENERAL HEADQUARTERS
FAR EAST COMMAND

CHECK SHEET Lt Col F.B. Harrison/jf 26-6356

(Do not remove from attached sheets)

File No: Subject: Purchase of Automobiles by Autocon Assn from Occupation Personnel

Note No.	From: G-1	To: C/S	Date: 26 Sept 1950

1

1. In accordance with memo from SGS (Tab A) a reply to the letter from the Autocon Assn (Tab B) has been prepared. The original letter from this association on 15 July 50 (Tab C) requested authority to establish a system for sale of vehicles of men in Korea to the Japanese. A reply on 22 July 1950 (Tab D) denied this request on the basis of established policy. The present request (Tab B) is to act as agent for men in Korea either to sell to authorized buyers or to ship the vehicles to the ZI. The primary objection to approving this request is that this is an indigenous association and as such is not authorized to deal in MPC. A secondary objection appears to be that a fee would undoubtedly be charged the owner.

2. A command letter, approved by DC/S, FEC on 16 Aug 50, established a system of safeguarding and/or disposing of vehicles for individuals in Korea. Local commanders provide agents at the request of the owner. This provides a means of disposition without cost to the owner.

3. It is considered that for the reasons stated above the request of the Autocon Assn should be denied.

4. Recommend approval of proposed reply to the Autocon Assn (Tab E).

5 Incls
Tab A - Memo fr SGS
Tab B - Ltr fr Autocon Assn, 21 Sept 50
Tab C - Ltr fr Autocon Assn, 15 July 50
Tab D - Reply to Autocon Assn, 22 July 50
Tab E - Ppsd reply to Autocon Assn.

wab

---W. A. B.---

Declassified E.O. 12065 Section 3-402/NNDG NO. 775009

D R A F T

GENERAL HEADQUARTERS
FAR EAST COMMAND
APO 500

AG 451 (21 Sept 50)GA

Autocon Association
No. 61, Honcho 6-chome
Nakaku, Yokohama

Dear Sirs:

Your letter of 21 September 1950 requesting approval to act as agent for men in Korea to dispose of their automobiles has been referred to me for reply.

While your interest is appreciated, it is considered that the plan is not feasible. Since the transaction would of necessity be in dollars or Military Payment Certificates and since current regulations prohibit your association from dealing in Military Payment Certificates, such a plan could not be authorized. A system has recently been established which permits men in Korea to dispose of their automobiles through military personnel in Japan who act as their agents. Sale to authorized buyers or shipment to the United States is accomplished without the cost of a fee for an agent.

I regret to inform you, therefore, that your suggested plan cannot be favorably considered.

Very truly yours,

CHIEF OF STAFF
APPROVED
9/27 for
INITIALS

G-1 Sig.

WB

D R A F T

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Declassified E.O. 12065 Section 3-402/NNDG NO. 775009

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
AND FAR EAST COMMAND
Office of the Chief of Staff

Date:

MEMORANDUM FOR: G-1

It is requested that proposed action on attached paper be forwarded to the Office of the Chief of Staff for approval by ——

JOHN M. HIGHTOWER
Lt Col., GSC
Secretary, General Staff

9-24-48

Declassified E.O. 12065 Section 3-402/NNDG NO. 775009

5466

A-U-T-O-C-O-N A-S-S-O-C-I-A-T-I-O-N
No.61, Honcho 6-chome
Nakaku, Yokohama

September 21, 1950

To : Supreme Commander for the Allied Powers,
(Office of the Chief of Staff)
APO 500, Dai-ichi Building, Tokyo.

From: Autocon Association
c/o Japan Central Exchange Automotive Division, APO 503,
Yokohama.

Dear Sirs:

We acknowledge with thanks the receipt of your esteemed favor dated July 22, 1950 in answer to our letter of July 15, requesting permission for the purchase of Occupation Forces privately owned automobiles.

As you may be aware already, the Japan Central Exchange has kindly arranged for payment of repair charges covering automobiles left in our garages by departing troops. These vehicles are then stored by the army agency responsible, and at this date the number of such vehicles is estimated to exceed 300 units in Keihin area alone.

From our past experience, automobiles, when kept in open storage without being used for a length of time, are liable to deteriorate much faster than through regular usage, inevitably resulting in more or less depreciation of their value. This fact is not to be overlooked by anybody who at all cares for the interest of the brave soldiers who are shedding their precious blood in the battle against communist invaders.

In fact, we have frequent requests from the owners of these vehicles to sell them either here or in the United States. In line with the policy stated in your letter of July 22 concerning augmenting the dollar position of Japan, and at the same time to provide a needed service to the troops, an alternative proposal is hereby submitted for your kind consideration.

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Declassified E.O. 12065 Section 3-402/NNDG NO. 775009

In addition to our operation of the Japan Central Exchange Garages, authority is requested to act as an approved broker for the resale of the subject vehicles on a private basis. These vehicles would be sold in the United States or in Japan to other members of the occupation forces or to commercial entrants having access to dollar exchange.

It is evisioned that a standard legal procedure can be provided for handling this business, with full protection of the seller in mind. Upon your approval in principle, details of this sales procedure will be developed and implemented, subject to approval and survellance of the Central Exchange Service or other organization that you may designate.

JIRO AJIMINE
Chairman - Autocon Association
Tel. 2-6609 (Yokohama)

JA/kk

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Declassified E.O. 12065 Section 3-402/NNDG NO. 775009

COPY

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
APO 500

22 July 1950

Autocon Association
No. 61, Honcho 6-Chome
Nakaku, Yokohama

Dear Sirs:

Your letter of 15 July 1950 requesting permission to purchase vehicles from individuals departing Japan has been referred to me for reply.

It is the policy that automobiles will not be sold or transferred to Japanese nationals. This policy has been established in the overall interests of the Japanese economy and in an effort to conserve the dollar credits available. The plan which you propose would definitely reduce the dollar credits which presently accrue to the Japanese economy.

Your interest in providing a ready means for individuals to dispose of their automobiles is appreciated; however, I regret to inform you that such a plan cannot be favorably considered.

Very truly yours,

(Signed) K. B. BUSH

K. B. BUSH,
Brigadier General, USA
Adjutant General.

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Declassified E.O. 12065 Section 3-402/NNDG NO. 775009

COPY

A-U-T-O-C-O-N A-S-S-O-C-I-A-T-I-O-N
No.61, Honcho 6-Chome
Nakaku, Yokohama

July 15, 1950

To : Supreme Commander for the Allied Powers,
(Office of the Chief of Staff)
APO 500, Dai-ichi Building, Tokyo.

From : Autocon Association
c/o Army Central Exchange Automotive Division, APO 503,
Yokohama.

Subject: Application for the purchase of Occupation Forces' or their dependants' privately owned automobiles.

1. Due to the present situation in Korea and at the suggestion of our occupation force customers we are submitting a proposed plan for the purchase of automobile for which we respectfully request your approval.

2. The Autocon Association is composed of all PX garage concessionaires in Japan. Their total annual sales of parts and labor amounts to more than $2,000,000 of which about $720,000 of foreign exchange accrues to the Japanese economy. The members of this organization are completly financed on a private basis and receive no financial support from the Japanese Government.

3. Since the location of the PX Garages are usually quite close to the occupationaires' housing areas and sometimes within the Army installations, our relation with the car owners is quite close and we are frequently asked to dispose of vehicles, whose owners have received emergency transfer or movement orders. This has been practically impossible to do because of the SCAP restriction on the purchase of cars from occuaption personnel by Japanese concerns.

4. Profits of the concessionaire are available in dollars in the custody of Army Central Exchange. These funds owned by the concessionaire can be used for purchase of vehicles from members of the occupation. The Army Central Exchange offers no objection to payment of these dollars to occupation force personnel at our request provided SCAP will approve these purchase during this periods of emergency.

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Declassified E.O. 12065 Section 3-402/NNDG NO. 775009

5. We hope that you will give this your prompt attention in order that we may be in a position to help those people who want to dispose of their automobile before leaving Japan.

(Signed) JIRO AJIMINE

JIRO AJIMINE
Chairman - Autocon Association
Tel. 2-6609 (Yokohama)

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Declassified E.O. 12065 Section 3-402/NNDG NO. 775009

451

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
APO 500

9442

AG 451 (15 Jul 50)GA

22 JUL 50

Autocon Association
No. 61, Honcho 6-Chome
Nakaku, Yokohama

Dear Sirs:

Your letter of 15 July 1950 requesting permission to purchase vehicles from individuals departing Japan has been referred to me for reply.

It is the policy that automobiles will not be sold or transferred to Japanese nationals. This policy has been established in the overall interests of the Japanese economy and in an effort to conserve the dollar credits available. The plan which you propose would definitely reduce the dollar credits which presently accrue to the Japanese economy.

Your interest in providing a ready means for individuals to dispose of their automobiles is appreciated; however, I regret to inform you that such a plan cannot be favorably considered.

J.T.R.
for H.G.

G-1 comeback

Very truly yours,

K. B. BUSH,
Brigadier General, U.S.A.
Adjutant General.

Approved by C/S on 21 July 50, reference is C/N to C/S dated 20 July 50, subj: Purchase of Automobiles (Autocon Assn)

RECEIVED 154 JUL 22'50

Lt Col F.B. Harrison/bs
PSD G-1 26-6356

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Declassified E.O. 12065 Section 3-402/NNDG NO. 775009

A-U-T-O-C-O-N A-S-S-O-C-I-A-T-I-O-N
No.61, Honcho 6-Chome
Nakaku, Yokohama

July 15, 1950

To : Supreme Commander for the Allied Powers,
(Office of the Chief of Staff)
APO 500, Dai-ichi Building, Tokyo.

From : Autocon Association
c/o Army Central Exchange Automotive Division, APO 503,
Yokohama.

Subject: Application for the purchase of Occupation Forces' or their dependants' privately owned automobiles.

1. Due to the present situation in Korea and at the suggestion of our occupation force customers we are submitting a proposed plan for the purchase of automobile for which we respectfully request your approval.

2. The Autocon Association is composed of all PX garage concessionaires in Japan. Their total annual sales of parts and labor amounts to more than $2,000,000 of which about $720,000 of foreign exchange accrues to the Japanese economy. The members of this organization are completly financed on a private basis and receive no financial support from the Japanese Government.

3. Since the location of the PX Garages are usually quite close to the occupationaires' housing areas and sometimes within the Army installations, our relation with the car owners is quite close and we are frequently asked to dispose of vehicles, whose owners have received emergency transfer or movement orders. This has been practically impossible to do because of the SCAP restriction on the purchase of cars from occupation personnel by Japanese concerns.

4. Profits of the concessionaire are available in dollars in the custody of Army Central Exchange. These funds owned by the concessionaire can be used for purchase of vehicles from members of the occupation. The Army Central Exchange offers no objection to payment of these dollars to occupation force personnel at our request provided SCAP will approve these purchase during this periods of emergency.

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Declassified E.O. 12065 Section 3-402/NNDG NO. 775009

5. We hope that you will give this your prompt attention in order that we may be in a position to help those people who want to dispose of their automobile before leaving Japan.

JIRO AJIMINE
Chairman - Autocon Association
Tel. 2-6609 (Yokohama)

Declassified E.O. 12065 Section 3-402/NNDG NO. 775009

Lt Col F B Harrison/eb
26-6356

Purchase of Automobiles (Autocon Association)

G-1 C/S 20 Jul 50

1 1. In accordance with memo from the C/S (Tab A) the following is submitted. Letter from the Autocon Association (Tab B) requests that individuals departing Japan be permitted to sell their vehicles to this association for dollars. They state that there is approximately $720,000 annually which could be used for this purpose. This is misleading since this money is not directly available. The dollars received by the concessionaire are used by the Exchange to purchase yen with which to pay the concessionaire for his service. The dollar credits then revert to the Japanese economy and not to this association. Conceivably these dollars could be set aside in a special account to be used for the purchase of these automobiles.

2. Since it is the announced policy not to permit automobiles to be sold to Japanese nationals, it is considered that this request should be denied. Permitting this transaction would adversely affect the Japanese economy by reducing the dollar credit accruing by the amount of approximately $720,000 annually.

3. The desire of the Autocon Association to offer this service is understandable since they could undoubtedly more than double their profits when they sold the automobiles on the Japanese market. The Association would have only a limited amount of money available each month; therefore, they would not be in a position to purchase all vehicles of individuals departing each month. The morale of individuals not able to sell their automobile under this system would be adversely effected.

4. This request has in substance been disapproved by disapproval of study to permit individuals to sell automobiles to the Japanese Govt licensed agencies.

5. Recommend approval of proposed letter to the Autocon Association (Tab C).

3 Incls
Tab A - Memo fr C/S
Tab B - Ltr fr Autocon Assn, 15 Jul 50
Tab C - Ppsd ltr to Autocon Assn

- W. A. B. - - - - - - - - - - -

196

Declassified E.O. 12065 Section 3-402/NNDG NO. 775009

457 5591

Lt Col Erlenbusch/rsl
26-5926

Sale, Resale and Registration of
Privately Owned Vehicles

G-1 C/S 19 May 50

1 1. Attached is proposed Press Release (Tab A), as requested by informal memorandum (Tab B).

2. The proposed Press Release (Tab A) does not attempt to delineate the legal and technical provisions of the proposed SCAP Circular but rather announces the fundamental relaxation of controls. G-1 is of the opinion that to attempt to definitively promulgate the legal and technical provisions of the proposed SCAP Circular would necessitate a verbatim extract of the major portions of the proposed circular. Such an extract promulgated as a Press Release would prove to be boring to the reader and would undoubtedly be taken by many readers as a legal document subject to their own personal interpretation, whereas the SCAP Circular is in fact the only legal document pertaining to the sale and resale of privately owned automobiles.

3. Recommend approval of proposed Press Release (Tab A).

2 Incls
Tab A - Ppsd Press Release
Tab B - Informal Memo

W. A. B.

DISPATCHED
19 MAY 1950
G-1
GHQ
AFPAC

Declassified E.O. 12065 Section 3-402/NNDG NO. 775009

Approved by: Chief of Staf
Date:

PRESS RELEASE

In furtherance of the occupation policy to relax controls, the Supreme Commander for the Allied Powers announced today that controls over sales of foreign made motor vehicles to Japanese agencies or individuals have been revised to permit the Japanese public under certain conditions to buy from designated Japanese automobile dealers foreign made vehicles which in turn have been purchased by these dealers from non Japanese nationals and Japanese nationals non resident in Japan. This program will permit the acquisition by the Japanese people of transportation sorely needed in the rehabilitation of Japan, but, however, will be limited by the amount of foreign exchange in the Japanese economy which, compatible with the overall economic situation, may be made available to the Japanese automobile dealers for the purchase of used vehicles from the non indigenous populace. Price controls, nevertheless, will be necessary under this program to insure the judicious use of foreign exchange available to the Japanese Government and to prevent speculation and black-market activities.

Such a program will also permit a broader market for people owning foreign made automobiles and will permit them to sell their used cars at a reasonable price. The regulations, however, promulgated to implement the relaxation of controls of the sale of foreign made motor vehicles to Japanese agencies or individuals, specifically prohibit the sale of foreign made motor vehicles, parts thereof, therefor, or useful therewith, by non Japanese nationals or Japanese nationals non resident of Japan to indigenous personnel except under the specific conditions outlined therein. All persons desiring to sell their used foreign made automobiles in Japan, are instructed to consult SCAP Circular _____, which has been given wide distribution, for specific details relative to the conditions and procedures

D R A F T

Declassified E.O. 12065 Section 3-402/NNDG NO. 775009

Press Release Cont'd.

by which such sales to designated Japanese automobile dealers may be consummated.

Copies to:

PIO
S&S
TIE

D R A F T

Declassified E.O. 12065 Section 3-402/NNDG NO. 775009

451 3746

Major Rousseau/dem 26 5927
12 May 1950

MEMORANDUM FOR: The Chief of Staff

SUBJECT: Sale of Automobiles to Indigenous Personnel

1. For administrative reasons and without referral to staff sections, the proposed SCAP circular and the proposed SCAPIN have been changed by G-1 after concurrences were secured from the interested staff sections as follows:

a. Since major area commanders have qualified technical motor personnel not available to the provost marshals, par 7 of the proposed circular and par 6 of the proposed SCAPIN have been changed to substitute the major area commanders for area provost marshals to designate inspecting officers for inspection of damaged or wrecked vehicles.

b. SCAPIN 7165/A (Tab BB) dated 6 May 50 was published after the proposed SCAPIN had been referred to ESS, G-4, JA, Compt, and PM. Since the approval of the proposed circular will obviate the necessity for SCAPIN 7165/A, it is rescinded by the proposed SCAPIN.

2. The Compt has concurred in the proposed SCAP circular (Tab AA). However, Compt non-concurs in the proposed SCAPIN in that this proposed SCAPIN directs the Japanese Government to adopt a plan for regulated sales in which profit will accrue to the Japanese Government, thus is not basically a "free enterprise." However, as stated in the Compt C/N (Tab K to Incl 1 of Tab AA), the Compt interposes no objection to the adoption of regulated sales of automobiles to indigenous personnel.

3. G-1 considers that the reason for non-concurrence in the SCAPIN by the Compt concerns a matter in which ESS rather than the Compt has primary interest. In devising this plan of regulated sales of motor vehicles, ESS considered the "siphoning off" of excess yen profits for the Japanese Government after a fair profit had been received by the dealers to be one of the benefits accruing to the Japanese Government by expenditure of a portion of its available foreign exchange. In addition, this plan prevents undue speculation by Japanese dealers. Therefore, G-1 adopts the ESS viewpoint.

2 Incls
Tab AA - C/N fm G-1 to C/S, 5 May 50, w/4 incls
Tab BB - SCAPIN 7165/A, 6 May 50, w/4 incls

W. A. B.

DISPATCHED 12 MAY 1950 G-1

G-1 File

111

Declassified E.O. 12065 Section 3-402/NNDG NO. 775009

Major Rousseau/rsl 26-5927

Sale of Automobiles to Indigenous Personnel

G-1 C/S 5 May 50

1 1. The attached staff study has been prepared by G-1 as a result of conferences with members of ESS, G-4, LS and JA, and proposes that the stringent regulations prohibiting the sale of automobiles to indigenous personnel be relaxed (Incl 1).

2. a. SCAPIN 1970 authorizes exceptions to SCAP Cir 4, allowing the sale of wrecked or damaged vehicles by insurance companies licensed to do business in Japan. There have been innumerable instances where insurance companies have sold such automobiles for yen and have acquired a yen profit equivalent to over $1,000. on every car so sold. Separate action to be submitted to the C/S recommends revocation of this privilege.

b. Foreign nationals resident in Japan prior to 2 Sep 45 and having legal access to foreign currency have purchased motor vehicles from non-indigenous personnel for dollars and resold these vehicles for yen to indigenous personnel entirely within the structure of existing regulations. In addition, G-1 is currently processing from 50 to 100 requests each month for various individuals to sell automobiles to indigenous personnel for yen as an exception to SCAP Cir 4.

G-1

c. Extracts from a report on the reopening of Japanese refineries by Mr. Noel, a visiting petroleum expert consultant, indicates that by mid-1950 Japanese refineries will be refining more gasoline than is presently required, provided that rationing and other restrictions on the use of gasoline are not lifted.

d. Return of an average of 140 vehicles per month by government transportation to the U.S. involves an estimated cost of $50,000 monthly to the U.S. Government in carriage insurance, loading, discharge and movement of the vehicles.

e. ESS is of the opinion that a moderate outlay of foreign exchange for the purpose of improving available transportation facilities by the purchase of cars in Japan constitutes a justifiable expenditure of foreign exchange. ESS has also conferred with representatives of interested Japanese Government agencies who, in general, concur in the need for improved transportation facilities and state that the acquisition of a limited number of modern cars at reasonable prices will aid in the strengthening and rehabilitation of the Japanese economy to an extent justifying the expenditure of limited amounts of foreign exchange.

3. Consideration of the effects on Japanese economy, discipline, morale and other miscellaneous effects indicates that the stringent regulations prohibiting the sale of privately owned automobiles to indigenous personnel have outlived their usefulness and the time is propitious to relax such regulations.

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Declassified E.O. 12065 Section 3-402/NNDG NO. 775009

Major Rousseau/rsl 26-5926

Sale of Automobiles to Indigenous Personnel

G-1 C/S 5 May 50

1 Cont'd Since such relaxation must protect the foreign exchange available to the Japanese Government, and not create an additional means of irregular transactions, any relaxation must be controlled. Accordingly, a plan of regulated sales for dollars in which the Japanese Government allocates approximately $500,000. quarterly of foreign exchange to automobile dealers for the purchase of automobiles from non-indigenous personnel, subsequently reselling these motor vehicles for yen at public auction to indigenous personnel has been studied. This proposed plan (Tab J to Incl 1) is feasible, provides a minimum of control compatible with protecting foreign exchange and preventing the establishment of blackmarket or illicit currency practices, provides for equitable distribution of buying and selling opportunities; and is not affected by currency fluctuations or possible changes in currency regulations.

4. Relaxation of current regulations and implementation of such relaxation according to the plan proposed in par 3, above, will require changes to SCAP Cir 4 (Tab A to Incl 1), SCAP Cir 21 (Tab B to Incl 1) and SCAPIN 1970 (Tab C to Incl 1). Accordingly, G-1 has prepared a proposed SCAP Circular (Incl 3) and a proposed SCAPIN (Incl 4) incorporating therein provisions for implementing the proposed plan of relaxation. This proposed circular revises paragraphs 1 - 5 of SCAP Cir 4, incorporates SCAP Cir 13 (Incl 2), and provides regulations pertaining to all non-Japanese nationals in Japan; authorizes the sale of vehicles to designated Japanese dealers for dollars; includes a provision authorizing the purchase and subsequent resale of indigenous automobiles for yen; and a provision by which wrecked automobiles may be sold for salvage parts only.

5. Recommend approval of:

a. Proposed SCAP Cir (Incl 3).

b. Proposed SCAPIN (Incl 4).

6. Concurrences: ESS ( )
G-4 ( )
JA ( )
LS ( )
PM ( )
COM ( )

4 Incls
Incl 1 - Staff Study w/11 Incls
Incl 2 - SCAP Cir 13
Incl 3 - Ppsd SCAP Cir
Incl 4 - Ppsd SCAPIN

W. A. B.

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Declassified E.O. 12065 Section 3-402/NNDG NO. 775009

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
APO 500

CIRCULAR)
:
NO.....) May 1950

SALE, RESALE, AND REGISTRATION OF PRIVATELY OWNED AUTOMOBILES

1. a. Rescissions.

(1) Circular 4, General Headquarters, Supreme Commander for the Allied Powers, 1949.

(2) Circular 13, General Headquarters, Supreme Commander for the Allied Powers, 1949.

(3) Circular 21, General Headquarters, Supreme Commander for the Allied Powers, 1949.

b. References.

(1) Circular 22, General Headquarters, Supreme Commander for the Allied Powers, 1949.

(2) Circular 23, General Headquarters, Supreme Commander for the Allied Powers, 1949.

(3) Circular 3, General Headquarters, Supreme Commander for the Allied Powers, 1950.

(4) Circular 9, General Headquarters, Supreme Commander for the Allied Powers, 1950.

2. Purpose. This circular sets forth regulations governing the sale, resale, lease, barter, trade, rent, gift, or other transfer, with or without consideration, and the registration of automobiles in Japan by non-Japanese nationals, or Japanese nationals nonresident of Japan.

DRAFT

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Declassified E.O. 12065 Section 3-402/NNDG NO. 775009

3. Persons Subject to This Circular. Occupation personnel and non-occupation personnel either temporarily or permanently resident in Japan as hereinafter defined are subject to the provisions of this circular.

4. Definitions. For the purpose of this circular, the following are defined:

a. Occupation personnel:

(1) Military and civilian personnel who are on duty in Japan with the Supreme Commander for the Allied Powers (United States occupation forces or British Commonwealth Occupation Force) and whose compensation for such duty is received in non-yen currency.

(2) Persons assigned to the Allied Council for Japan or to diplomatic missions accredited to the Supreme Commander for the Allied Powers.

(3) Non-Japanese nationals employed by occupation forces clubs, the American Red Cross, and other organizations or firms operating in Japan primarily on behalf of the occupation forces and whose compensation for such employment is received in non-yen currency.

(4) Dependents of individuals in categories (1), (2), and (3), above.

b. Nonoccupation personnel temporarily resident in Japan. All persons of whatever nationality who have been authorized by the Supreme

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Commander for the Allied Powers to enter or remain for commercial or non-commercial purposes for temporary or semi-permanent residence, excluding occupation personnel defined above and including, but not restricted to, commercial entrants, missionaries, visitors, tourists, and dependents of such persons.

c. Nonoccupation personnel permanently resident in Japan. Non-Japanese nationals who were residents of Japan prior to 2 September 1945 or who have been permitted by the Supreme Commander for the Allied Powers to enter or remain in Japan for permanent residence.

d. Indigenous personnel. Japanese nationals permanently resident in Japan.

e. Motor vehicles. Motor vehicles of any kind used for passenger-carrying purposes, including automobiles, trucks, motorcycles, motor scooters, trailers, and motor bikes.

f. Person. The terms "person," "persons" and "personnel" wherever used in this circular and wherever appropriate to the context will be interpreted to mean clubs, firms, partnerships, organizations, and associations, as well as individuals.

g. Sell. To sell, resell, lease, barter, trade, rent, give, transfer, or otherwise dispose of to another with or without consideration.

5. Sales permitted. a. Any person subject to this circular may sell his motor vehicle to any other person subject to this circular for acceptable foreign exchange authorized for the mutual use of the contracting persons.

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Declassified E.O. 12065 Section 3-402/NNDG NO. 775009

b. Any person subject to this circular may sell his motor vehicle, for foreign exchange only and for a price not exceeding the price paid by him to acquire such vehicle, to designated Japanese automobile dealers licensed by the Japanese Government to purchase, import, and sell foreign made motor vehicles for foreign exchange. Under this authorization, the sale or transfer of title of a foreign made motor vehicle to licensed Japanese dealers for foreign exchange within six months of the date the car was purchased or acquired by the seller, or the sale or transfer of title of more than one foreign made motor vehicle within any 12-month period, is prohibited.

6. Purchases From Japanese Dealers. a. Any person subject to this circular may purchase foreign made motor vehicles for acceptable foreign exchange from Japanese automobile dealers licensed by the Japanese Government to purchase, import, and sell foreign made motor vehicles for foreign exchange.

b. Any person subject to this circular may purchase Japanese made motor vehicles from Japanese automobile dealers for yen. Motor vehicles so purchased may subsequently be resold only for yen.

7. Sales Prohibited. Except as authorized by paragraph 5b, and except in case of sales of wrecked motor vehicles as provided in paragraph 8, no person subject to this circular shall sell to indigenous personnel a motor vehicle or parts thereof, therefor, or useful therewith.

8. Sale of Wrecked Vehicles. Persons subject to this circular may sell to automobile dealers or other indigenous personnel, for yen only and

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Declassified E.O. 12065 Section 3-402/NNDG NO. 775009

exclusively for salvage of parts, motor vehicles which have been certified by the area provost marshal as damaged or wrecked beyond economically reasonable repair.

9. Registration and Markings of Motor Vehicles and Operator's Permits. Registration and markings of motor vehicles will conform to the following:

a. Official vehicles operated by Allied occupation forces will be registered and marked under regulations of the using military forces.

b. Motor vehicles (including privately owned vehicles) owned or operated in Japan by diplomatic missions, or duly accredited members thereof and their families, will be registered and identified as follows:

(1) The chief of the diplomatic mission concerned will forward to the Commander-in-Chief, Far East, Attention: Provost Marshal, at the end of each calender quarter, motor vehicle lists containing the following information:

(a) Make, color, and type of vehicle.

(b) Motor number.

(c) Type and serial number of identifying plaque.

(d) Source from which vehicle was obtained and date obtained.

(2) In addition to other signs or symbols, vehicles will bear an identifying plaque containing the letters "DC" and a serial license number. This plaque should be securely attached to the vehicle. Markings should be large enough to be easily identified at a distance of fifty yards.

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c. Motor vehicles officially owned or operated on official business in Japan by Allied, neutral, or nonenemy delegations and representations attached to the occupation forces, other than those included in paragraph 9b. will be registered and identified as follows:

(1) The head of the delegation or other representation concerned will forward to the Commander-in-Chief, Far East, Attention: Provost Marshal, at the end of each caldndar quarter, a vehicle list containing the same information required by paragraph 9b(1).

(2) Vehicles will be identified as required by paragraph 9b(2), except that the plaque or painted markings shall indicate the government to which the vehicle belongs in lieu of "DC."

d. Motor vehicles other than those included in paragraph 9b and c, privately owned and operated by personnel on duty with, attached to, or affiliated with the occupation forces will be registered with the Commanding General, Eighth Army, or with the Commanding General, Headquarters and Service Group, General Headquarters, Far East Command, by:

(1) Applying for registration and operator's permit at the office of the nearest provost marshal in the area in which the licensee is assigned to duty and/or resident.

(2) Presenting satisfactory proof of legal ownership.

(3) Obtaining a certificate of registration.

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(4) Obtaining and attaching conspicuously to the automobile, registration plates supplied by the registering agency in accordance with instructions issued by the Commander-in-Chief, Far East.

e. The number of privately-owned motor vehicles (excluding motorcycle, motor scooter and motor bike) owned by personnel referred to in paragraph 9d will be limited to one for each individual over 17 years of age. This does not invalidate any current registration or subsequent re-registration by an individual of any privately owned vehicle in Japan or in transit to Japan, prior to 1 April 1947. When more than one automobile is registered by a family, all vehicles will be registered in the name of the principal or head of the family.

f. Motor vehicles, other than those included in paragraph 9a through d, will be registered with the Japanese Government in accordance with Japanese law.

g. Whenever the title or interest in a vehicle is assigned or transferred, the registration will expire and a new registration will be accomplished before the vehicle is again operated.

10. Operators' Permits and Instruments Authorizing Operation. Persons driving motor vehicles in Japan, except those whose vehicles are registered under paragraph 9f, will have in their possession while driving a vehicle:

a. A motor vehicle operator's permit issued by:

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(1) The appropriate agency of the using military force when driving a vehicle described in paragraph 9a.

(2) Agencies designated by the head of the delegation, diplomatic mission, or other representation concerning the case of a vehicle described in paragraph 9b and c.

(3) The Commanding General, Eighth Army, or the Commanding General, Headquarters and Service Group, General Headquarters, Far East Command, in the case of a vehicle described in paragraph 9d.

b. A dispatch slip, trip ticket, or instrument authorizing the driver to operate that particular vehicle:

(1) For vehicles described in paragraph 9a, such instruments of authority as are prescribed by the using military forces.

(2) For vehicles described in paragraph 9b and c, as prescribed by the head of the delegation, diplomatic mission, or other representation concerned.

(3) For vehicles described in paragraph 9d, the registration certificate provided by the appropriate area provost marshal.

11. Other Vehicles. The registration and issuance of permits and authorities to operate automobiles owned and operated by personnel included in paragraph 9f is governed by Japanese law.

12. Recording of Sales. a. All transactions pertaining to the resale

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of automobiles by persons subject to this circular will be recorded at a vehicle registration office established in the area in which the seller is stationed or resides.

b. The following information will be recorded and maintained as a permanent record at time of consummation of sale:

(1) Name of seller.

(2) Name of purchaser.

(3) Make and style of car.

(4) Serial number.

(5) Engine number.

(6) Original cost.

(7) Sale Price.

(8) Old license number.

(9) New license number.

(10) Authority approving sale.

(11) Signature of seller with status indicated, i.e., military, Department of the Army civilian, etc.

(12) Signature of purchaser with status indicated, i.e., military, Department of the Army civilian, etc.

c. All sales by occupation personnel will be approved by the Commanding General, Eighth Army, or the Commanding General, Headquarters and

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Service Group, General Headquarters, Far East Command, or their designated representatives.

13. Enforcement. a. Chiefs of diplomatic missions and heads of delegations of similar representative agencies accredited to the Supreme Commander for the Allied Powers will be responsible for the enforcement of the provisions hereof in respect to members of missions, delegations, and representatives, and their dependents.

b. The Commanding General, Eighth Army, will be responsible for the enforcement of the provisions hereof, except in those areas under the command of the Commanding Generals, Far East Air Forces, and Headquarters and Service Group, General Headquarters, Far East Command; the Commander, United States Naval Forces, Far East; and the General Officer Commanding, British Commonwealth Occupation Force.

c. The Commanding Generals, Far East Air Forces, and Headquarters and Service Gropp, General Headquarters, Far East Command; the Commander, United States Naval Forces, Far East; and the General Officer Commanding, British Commonwealth Occupation Force, will be responsible for the enforcement of the provisions hereof within installations under their command.

AG 451 ( )GA

BY COMMAND OF GENERAL MacARTHUR:

EDWARD M. ALMOND,
Major General, General Staff Corps,
Chief of Staff.

OFFICIAL:

K. B. BUSH,
Brig Gen, USA
Adjutant General

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Concurrences: ESS _____
JA _____
LS _____
G-4 _____
AG _____ (for format only)
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Declassified E.O. 12065 Section 3-402/NNDG NO. 775009

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
APO 500

AG 451 ( )GA
SCAPIN

MEMORANDUM FOR: JAPANESE GOVERNMENT

SUBJECT: Sale, Resale and Registration of Privately Owned Vehicles

1. a. Rescission:

(1) Memorandum for the Japanese Government, file AG 451 (8 Feb 49)GA, SCAPIN 1970, subject: Sale and Resale of Privately Owned Automobiles, 10 February 1949, from General Headquarters, Supreme Commander for the Allied Powers.

b. Reference:

(1) Memorandum for the Japanese Government, file AG 451.1 (10 Jan 47)CIS, SCAPIN 1458, subject: Registration of Motor Vehicles, 10 January 1947, from General Headquarters, Supreme Commander for the Allied Powers.

(2) Memorandum for the Japanese Government, file AG 010 (1 Jan 50)ESS/FTC, SCAPIN 2070, subject: Foreign Exchange and Foreign Trade Control, 1 January 1950, from General Headquarters, Supreme Commander for the Allied Powers.

2. The sale, resale, lease, barter, trade, gift, rent, transfer, or disposal of, with or without consideration, foreign made motor vehicles of any kind, by non-Japanese nationals or Japanese nationals non-resident in Japan to Japanese nationals resident in Japan is prohibited except as herein provided or as hereafter specifically authorized by the Supreme Commander for the Allied Powers.

DRAFT

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3. The Japanese Government is directed to designate at least one Japanese automobile dealer in the vicinity of each Region or Branch Office of the Ministry of International Trade and Industry who may apply for license to purchase, import, and sell foreign made motor vehicles. Each such dealer will be authorized to purchase new or used foreign made vehicles from non-Japanese nationals or Japanese nationals non-resident in Japan for foreign exchange only under established import license procedures, provided that no offer or payment of foreign exchange shall be tendered or made by such dealer for any used vehicle in excess of the purchase price paid by the seller of such vehicle as evidenced by a bill of sale or comparable document. Each designated Japanese dealer may accept in trade used foreign made vehicles as partial payment for new vehicles sold by or through such dealers for delivery either within or without Japan. Foreign made motor vehicles purchased or accepted in trade by designated dealers may be resold in Japan for:

a. Foreign exchange only, to non-Japanese nationals or to non-resident Japanese nationals.

b. Yen to Japanese Government agencies or to Japanese nationals permanently resident in Japan.

4. Sales for yen of vehicles imported pursuant to the provisions of paragraph 3 above will be subject to the duties and the taxes applicable to imports in general. Sales pursuant to the provisions of paragraph 3b above will be upon the following conditions:

a. The yen sale price will be sufficient to cover at the minimum:

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(1) The yen equivalent of the foreign exchange cost to the dealer.

(2) A uniform fixed amount to cover handling and financing costs plus dealer's profit.

(3) Where applicable, import duties.

(4) Where applicable, luxury or other taxes.

b. Once each month a list of all used foreign made vehicles purchased by designated dealers will be submitted to the Japanese Government which may purchase at its option up to one-half of the available vehicles at the minimum price.

c. Used foreign made vehicles not purchased by the Japanese Government may be sold for yen at public auction to the highest bidder. To insure the best possible price and minimize discriminatory or illicit transactions, such auction will contain provisions for the:

(1) Holding of auction regularly and on established dates.

(2) Public advertising and listing of all vehicles to be offered at auction at least five days prior to the sale.

(3) Availability of vehicles for inspection (but not operation) during the period between advertising and sale.

(4) Granting as commission to the dealer a uniform percentage of any amount realized above the minimum sale price.

(5) The difference between the ultimate sales price less commission and the minimum sales price would be payable to the

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Japanese Government for deposit with the Bank of Japan as "Miscellaneous Profit."

5. Any person in Japan may purchase Japanese made motor vehicles from Japanese automobile dealers with yen currency. Any vehicle so purchased may be resold subsequently for yen currency only.

6. Foreign made motor vehicles which have been certified by the area Provost Marshal as damaged or wrecked beyond economically reasonable repair may be sold to dealers or other indigenous personnel for yen only and exclusively for salvage of parts.

7. All motor vehicle sales by non-Japanese nationals and Japanese nationals non-resident in Japan except sales by occupation forces personnel will comply with the provisions of reference 1b(1).

8. The Japanese Government will issue appropriate regulations to carry out the provisions of this memorandum.

FOR THE SUPREME COMMANDER:

Concurrences: ESS _____
JA _____
LS _____
G-4 _____
AG _____ (for format only)
PM _____
COM _____

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Declassified E.O. 12065 Section 3-402/NNDG NO. 775009

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
APO 500

CIRCULAR)
:
NO.....) May 1950

SALE, RESALE, AND REGISTRATION OF PRIVATELY OWNED AUTOMOBILES

1. a. Rescissions.

(1) Circular 4, General Headquarters, Supreme Commander for the Allied Powers, 1949.

(2) Circular 13, General Headquarters, Supreme Commander for the Allied Powers, 1949.

(3) Circular 21, General Headquarters, Supreme Commander for the Allied Powers, 1949.

b. References.

(1) Circular 22, General Headquarters, Supreme Commander for the Allied Powers, 1949.

(2) Circular 23, General Headquarters, Supreme Commander for the Allied Powers, 1949.

(3) Circular 3, General Headquarters, Supreme Commander for the Allied Powers, 1950.

(4) Circular 9, General Headquarters, Supreme Commander for the Allied Powers, 1950.

2. Purpose. This circular sets forth regulations governing the sale, resale, lease, barter, trade, rent, gift, or other transfer, with or without consideration, and the registration of automobiles in Japan by non-Japanese nationals, or Japanese nationals non-resident of Japan.

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(Cir)

3. Persons Subject to This Circular. Occupation personnel and non-occupation personnel either temporarily or permanently resident in Japan as hereinafter defined are subject to the provisions of this circular.

4. Definitions. For the purpose of this circular, the following are defined:

a. Occupation personnel:

(1) Military and civilian personnel who are on duty in Japan with the Supreme Commander for the Allied Powers (United States occupation forces or British Commonwealth Occupation Force) and whose compensation for such duty is received in non-yen currency.

(2) Persons assigned to the Allied Council for Japan or to diplomatic missions accredited to the Supreme Commander for the Allied Powers.

(3) Non-Japanese nationals employed by occupation forces clubs, the American Red Cross, and other organizations or firms operating in Japan primarily on behalf of the occupation forces and whose compensation for such employment is received in non-yen currency.

(4) Dependents of individuals in categories (1), (2), and (3) above.

b. Non-occupation personnel temporarily resident in Japan. All persons of whatever nationality who have been authorized by the Supreme Commander for the Allied Pwers to enter or remain for commercial or non-commercial purposes for temporary or semi-permanent residence, excluding occupation personnel defined above and including, but not restricted to,

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(Cir)

commercial entrants, missionaries, visitors, tourists, and dependents of such persons.

c. Non-occupation personnel permanently resident in Japan. Non-Japanese nationals who were residents of Japan prior to 2 September 1945 or who have been permitted by the Supreme Commander for the Allied Powers to enter or remain in Japan for permanent residence.

d. Indigenous personnel. Japanese nationals permanently resident in Japan.

e. Motor vehicles. Motor vehicles of any kind used for passenger or cargo carrying purposes, including automobiles, trucks, motorcycles, motor scooters, trailers, and motor bikes.

f. Person. The terms "person," "persons" and "personnel" wherever used in this circular and wherever appropriate to the context will be interpreted to mean clubs, firms, partnerships, organizations, and associations, and the principal officers thereof, as well as individuals.

g. Sell. To sell, resell, lease, loan, except for temporary use without reward, barter, trade, rent, give, transfer, or otherwise dispose of to another with or without consideration.

5. Sales permitted. a. Any person subject to this circular may sell his motor vehicle to any other person subject to this circular for acceptable foreign exchange authorized for the mutual use of the contracting persons.

b. ~~Sales to Japanese Dealers.~~ Any person subject to this circular may sell his motor vehicle, for foreign exchange only and for a price not exceeding the price paid by him to acquire such vehicle, plus the reasonable value of accessories not included in the purchase price, to designated

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(Cir)

Japanese automobile dealers licensed by the Japanese Government to purchase, import, and sell foreign made motor vehicles for foreign exchange. Under this authorization, the sale or transfer of title of a foreign made motor vehicle to licensed Japanese dealers for foreign exchange within six months of the date the car was purchased or acquired by the seller, or the sale or transfer of title of more than one foreign made motor vehicle within any twelve months' period, is prohibited, except as specifically authorized in each case by the Supreme Commander for the Allied Powers.

6. Purchases from Japanese Dealers. a. Any person subject to this circular may purchase foreign made motor vehicles for acceptable foreign exchange from Japanese automobile dealers licensed by the Japanese Government to purchase, import, and sell foreign made motor vehicles for foreign exchange.

b. Any person subject to this circular may purchase Japanese made motor vehicles from Japanese automobile dealers for yen. Motor vehicles so purchased may subsequently be resold only for yen.

7. Sale of Wrecked Vehicles. Foreign made motor vehicles which have been certified as damaged or wrecked beyond economically reasonable repair by competent inspection officers designated by the Commanding General, Eighth Army; Commanding General, Far East Air Forces, Commander, Naval Forces, Far East; ~~or Commanding General~~, Headquarters and Service Group, General Headquarters, Far East Command; may be sold to dealers or other indigenous personnel for yen only and exclusively for salvage of parts. In exceptional circumstances and upon individual application in each case, special authority may be granted by the Supreme Commander for the Allied

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(Cir)

Powers to sell for yen only to dealers or other indigenous personnel wrecked and seriously damaged vehicles which can be restored for operation within the Japanese economy.

8. Sales prohibited. The sale to indigenous personnel of foreign made motor vehicles or parts thereof, therefor, or useful therewith, by persons subject to this circular is prohibited except as herein provided or as otherwise authorized in writing by the Supreme Commander for the Allied Powers.

9. Registration and Markings of Motor Vehicles and Operator's Permits. Registration and markings of motor vehicles will conform to the following:

a. Official vehicles operated by Allied occupation forces will be registered and marked under regulations of the using military forces.

b. Motor vehicles (including privately owned vehicles) owned or operated in Japan by diplomatic missions, or duly accredited members thereof and their families, will be registered and identified as follows:

(1) The chief of the diplomatic mission concerned will forward to the Commander-in-Chief, Far East, Attention: Provost Marshal, at the end of each calender quarter, motor vehicle lists containing the following information:

(a) Make, color, and type of vehicle.

(b) Motor number.

(c) Type and serial number of identifying plaque.

(d) Source from which vehicle was obtained and date obtained.

(2) In addition to other signs or symbols, vehicles will bear an identifying plaque containing the letters "DC" and a

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(Cir)

serial license number. This plaque should be securely attached to the vehicle. Markings should be large enough to be easily identified at a distance of fifty yards.

c. Motor vehicles officially owned or operated on official business in Japan by Allied, neutral, or nonenemy delegations and representations attached to the occupation forces, other than those included in paragraph 9b will be registered and identified as follows:

(1) The head of the delegation or other representation concerned will forward to the Commander-in-Chief, Far East, Attention: Provost Marshal, at the end of each calendar quarter, a vehicle list containing the same information required by paragraph 9b(1).

(2) Vehicles will be identified as required by paragraph 9b(2), except that the plaque or painted markings shall indicate the government to which the vehicle belongs in lieu of "DC".

d. Motor vehicles other than those included in paragraph 9b and c, privately owned and operated by personnel on duty with, attached to, or affiliated with the occupation forces will be registered with the Commanding General, Eighth Army, or with the Commanding General, Headquarters and Service Group, General Headquarters, Far East Command, by:

(1) Applying for registration and operator's permit at the office of the nearest provost marshal in the area in which the licensee is assigned to duty and/or resident.

(2) Presenting satisfactory proof of legal ownership.

(3) Obtaining a certificate of registration.

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(Cir)

(4) Obtaining and attaching conspicuously to the automobile, registration plates supplied by the registering agency in accordance with instructions issued by the Commander-in-Chief, Far East.

e. The number of privately-owned motor vehicles (excluding motorcycle, motor scooter, and motor bike) owned by personnel referred to in paragraph 9d will be limited to one for each individual over 17 years of age. This does not invalidate any current registration or subsequent re-registration by an individual of any privately owned vehicle in Japan or in transit to Japan, prior to 1 April 1947. When more than one automobile is registered by a family, all vehicles will be registered in the name of the principal or head of the family.

f. Motor vehicles, other than those included in paragraph 9a through d, will be registered with the Japanese Government in accordance with Japanese law.

g. Whenever the title or interest in a vehicle is assigned or transferred, the registration will expire and a new registration will be accomplished before the vehicle is again operated.

10. Operators' Permits and Instruments Authorizing Operation. Persons driving motor vehicles in Japan, except those whose vehicles are registered under paragraph 9f, will have in their possession while driving a vehicle:

a. A motor vehicle operator's permit issued by:

(1) The appropriate agency of the using military force when driving a vehicle described in paragraph 9a.

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(Cir)

(2) Agencies designated by the head of the delegation, diplomatic mission, or other representation concerning the case of a vehicle described in paragraph 9b and c.

(3) The Commanding General, Eighth Army, or the Commanding General, Headquarters and Service Group, General Headquarters, Far East Command, in the case of a vehicle described in paragraph 9d.

b. A dispatch slip, trip ticket, or instrument authorizing the driver to operate that particular vehicle:

(1) For vehicles described in paragraph 9a, such instruments of authority as are prescribed by the using military forces.

(2) For vehicles described in paragraph 9b and c, as prescribed by the head of the delegation, diplomatic mission, or other representation concerned.

(3) For vehicles described in paragraph 9d, the registration certificate provided by the appropriate area provost marshal.

11. Other Vehicles. The registration and issuance of permits and authorities to operate automobiles owned and operated by personnel included in paragraph 9f is governed by Japanese law.

12. Recording of Sales. a. All transactions pertaining to the resale of automobiles by persons subject to this circular will be recorded at a vehicle registration office established in the area in which the seller is stationed or resides.

b. The following information will be recorded and maintained as a permanent record at time of consummation of sale:

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(Cir)

(1) Name of seller.

(2) Name of purchaser.

(3) Make and style of car.

(4) Serial number.

(5) Engine number.

(6) Original cost.

(7) Sale Price.

(8) Old license number.

(9) New license number.

(10) Authority approving sale.

(11) Signature of seller with status indicated, i.e., military, Department of the Army civilian, etc.

(12) Signature of purchaser with status indicated, i.e., military, Department of the Army civilian, etc.

c. All sales by occupation personnel will be approved by the Commanding General, Eighth Army, or the Commanding General, Headquarters and Service Group, General Headquarters, Far East Command, or their designated representatives.

13. Enforcement. a. Chiefs of diplomatic missions and heads of delegations of similar representative agencies accredited to the Supreme Commander for the Allied Powers will be responsible for the enforcement of the provisions hereof in respect to members of missions, delegations, and representatives, and their dependents.

b. The Commanding General, Eighth Army, will be responsible for the enforcement of the provisions hereof, except in those areas under the

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command of the Commanding Generals, Far East Air Forces, and Headquarters and Service Group, General Headquarters, Far East Command; the Commander, United States Naval Forces, Far East; and the General Officer Commanding, British Commonwealth Occupation Force.

c. The Commanding Generals, Far East Air Forces, and Headquarters and Service Group, General Headquarters, Far East Command; the Commander, United States Naval Forces, Far East; and the General Officer Commanding, British Commonwealth Occupation Force, will be responsible for the enforcement of the provisions hereof within installations under their command.

AG 451 ( )GA

BY COMMAND OF GENERAL MacARTHUR:

EDWARD M. ALMOND,
Major General, General Staff Corps,
Chief of Staff.

OFFICIAL:

K. B. BUSH
Brig Gen, USA
Adjutant General.

Declassified E.O. 12065 Section 3-402/NNDG NO. 775009

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
APO 500

AG 451 ( )GA
SCAPIN

MEMORANDUM FOR: JAPANESE GOVERNMENT

SUBJECT: Sale, Resale and Registration of Privately Owned Vehicles

1. a. Rescission:

(1) Memorandum for the Japanese Government, file AG 451 (8 Feb 49)GA, SCAPIN 1970, subject: Sale and Resale of Privately Owned Automobiles, 10 February 1949, from General Headquarters, Supreme Commander for the Allied Powers.

(2) Memorandum for the Japanese Government, file AG 451 (6 May 50)GA, SCAPIN 7165-A, subject: Sale and Resale of Privately Owned Automobiles, 6 May 1950, from General Headquarters, Supreme Commander for the Allied Powers.

b. Reference:

(1) Memorandum for the Japanese Government, file AG 451.1 (10 Jan 47)CIS, SCAPIN 1458, subject: Registration of Motor Vehicles, 10 January 1947, from General Headquarters, Supreme Commander for the Allied Powers.

(2) Memorandum for the Japanese Government, file AG 010 (1 Jan 50)ESS/FTC, SCAPIN 2070, subject: Foreign Exchange and Foreign Trade Control, 1 January 1950, from General Headquarters, Supreme Commander for the Allied Powers.

2. The sale, resale, lease, loan (except for temporary use without

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reward), barter, trade, gift, rent, transfer, or disposal of, with or without consideration, foreign made motor vehicles of any kind, by non-Japanese nationals or Japanese nationals non-resident in Japan to Japanese nationals resident in Japan is prohibited except as herein provided or as hereafter specifically authorized by the Supreme Commander for the Allied Powers.

3. The Japanese Government is directed to designate at least one Japanese automobile dealer in the vicinity of each Region or Branch Office of the Ministry of International Trade and Industry who may apply for license to purchase, import, and sell foreign made motor vehicles. Each such dealer will be authorized to purchase new or used foreign made vehicles from non-Japanese nationals or Japanese nationals non-resident in Japan for foreign exchange only under established import license procedures, provided that no offer or payment of foreign exchange shall be tendered or made by such dealer for any used vehicle in excess of the purchase price paid by the seller of such vehicle, plus the reasonable value for accessories not included in the purchase price, as evidenced by a bill of sale or comparable document. Each designated Japanese dealer may accept in trade used foreign made vehicles as partial payment for new vehicles sold by or through such dealers for delivery either within or without Japan. Foreign made motor vehicles purchased or accepted in trade by designated dealers may be resold in Japan for:

a. Foreign exchange only, to non-Japanese nationals or to non-resident Japanese nationals.

b. Yen to Japanese Government agencies or to Japanese nationals permanently resident in Japan.

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AG 451 ( )GA
SCAPIN

4. Sales for yen of vehicles imported pursuant to the provisions of paragraph 3 above will be subject to the duties and the taxes applicable to imports in general. Sales pursuant to the provisions of paragraph 3b above will be upon the following conditions:

a. Except as specifically approved by the Supreme Commander for the Allied Powers, the yen price will be sufficient to cover at the minimum:

(1) The yen equivalent of the foreign exchange cost to the dealer.

(2) A uniform fixed amount to cover handling and financing costs plus dealer's profit.

(3) Where applicable, import duties.

(4) Where applicable, luxury or other taxes.

b. Once each month a list of all used foreign made vehicles purchased by designated dealers will be submitted to the Japanese Government which may purchase at its option up to one-half of the available vehicles at the minimum price.

c. Used, foreign-made vehicles, not purchased by the Japanese Government, may be sold to non-Japanese nationals or Japanese nationals non-resident in Japan for acceptable foreign exchange or may be sold at public auction to the highest resident Japanese national bidder for yen. To insure the best possible price and minimize discriminatory or illicit transactions, provision for such auctions will contain:

(1) Holding of auction regularly and on established dates.

(2) Public advertising and listing of all vehicles to be offered at auction at least five days prior to the sale.

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(3) Availability of vehicles for inspection (but not operation) during the period between advertising and sale.

(4) Granting as commission to the dealer a uniform percentage of any amount realized above the minimum sales price.

(5) The difference between the ultimate sales price less commission and the minimum sales price would be payable to the Japanese Government for deposit with the Bank of Japan as "Miscellaneous Profit."

5. Any person in Japan may purchase Japanese made motor vehicles from Japanese automobile dealers with yen currency. Any vehicle so purchased may be resold subsequently for yen currency only.

6. Sale of Wrecked Vehicles. Foreign made motor vehicles which have been certified as damaged or wrecked beyond economically reasonable repair by competent inspection officers designated by the Commanding General, Eighth Army, Commanding General, Far East Air Forces, Commander, Naval Forces, Far East, or Commanding General, Headquarters and Service Group, General Headquarters, Far East Command, may be sold to dealers or other indigenous personnel for yen only and exclusively for salvage of parts. In exceptional circumstances and upon individual application in each case, special authority may be granted by the Supreme Commander for the Allied Powers to sell for yen only to dealers or other indigenous personnel wrecked and seriously damaged vehicles which can be restored for operation within the Japanese economy.

7. All motor vehicle sales by non-Japanese nationals and Japanese nationals non-resident in Japan except sales by occupation forces personnel will comply with the provisions of reference 1b(1).

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Declassified E.O. 12065 Section 3-402/NNDG NO. 775009

AG 451 ( )GA
SCAPIN

8. The Japanese Government will issue appropriate regulations to carry out the provisions of this memorandum.

FOR THE SUPREME COMMANDER:

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Declassified E.O. 12065 Section 3-402/NNDG NO. 775009

3746

Major Rousseau/rsl 26-5927

Sale of Automobiles to Indigenous Personnel

G-1 LS 20 Apr 50

1 1. Reference is made to C/N 2, LS to G-1, dated 18 Oct 49, subject as above.

2. a. The attached staff study has been prepared by G-1 as a result of conferences with members of G-4, ESS, LS, JA, and CTS, and proposes that the stringent regulations prohibiting the sale of automobiles to indigenous personnel be relaxed.

b. Information available to your section and referred to in the proposed staff study as Tabs is not included in the attached copy of the proposed staff study.

3. Your concurrence and/or comments on the attached staff study together with recommendations contained therein are requested.

4. Request that this matter be given expeditious handling in order that the final staff study may be prepared for presentation to the C/S as soon as possible.

5. Separate copies of the proposed staff study have been furnished G-4, ESS, JA and Comp.

1 Incl
Ppsd Staff Study

W. A. B.

M/R: Inst action to secure comments of interested staff sections prior to submission to the C/S for approval.

G-1 CFAD

DISPATCHED
20 APR 1950

Declassified E.O. 12065 Section 3-402/NNDG NO. 775009

3746-A

Major Rousseau/rsl 26-5927

Sale of Automobiles to Indigenous Personnel

G-1 JA 20 Apr 50

1 1. Reference is made to C/N 2, JA to G-1, dated 17 Oct 49, subject as above.

2. a. The attached staff study has been prepared by G-1 as a result of conferences with members of G-4, ESS, LS, JA, and CTS, and proposes that the stringent regulations prohibiting the sale of automobiles to indigenous personnel be relaxed.

b. Information available to your section and referred to in the proposed staff study as Tabs is not included in the attached copy of the proposed staff study.

3. Your concurrence and/or comments on the attached staff study together with recommendations contained therein are requested.

4. Request that this matter be given expeditious handling in order that the final staff study may be prepared for presentation to the C/S as soon as possible.

5. Separate copies of the proposed staff study have been furnished G-4, ESS, LS and Comp

1 Incl
Ppsd Staff Study

W. A. B.
M/R: Inst action to secure comments of interested staff sections prior to submission to the C/S for approval.

G-1 CFAD

CFAD

A DISPATCHED 20 APR 1950 G-1

Declassified E.O. 12065 Section 3-402/NNDG NO. 775009

451
3746-B

Major Rousseau/rsl 26-5927

Sale of Automobiles to Indigenous Personnel

G-1 Comp 20 Apr 50

1 1. Reference is made to C/N 4, Fiscal Director to G-1, dated 20 Oct 49, subject as above.

2. a. The attached staff study has been prepared by G-1 as a result of conferences with members of G-4, ESS, LS, JA, and CTS, and proposes that the stringent regulations prohibiting the sale of automobiles to indigenous personnel be relaxed.

b. Information available to your section and referred to in the proposed staff study as Tabs is not included in the attached copy of the proposed staff study.

3. Your concurrence and/or comments on the attached staff study together with recommendations contained therein are requested.

4. Request that this matter be given expeditious handling in order that the final staff study may be prepared for presentation to the C/S as soon as possible.

5. Separate copies of the proposed staff study have been furnished G-4, ESS, JA and LS.

1 Incl
Pposd Staff Study

W. A. B.

M/R: Inst action to secure comments of interested staff sections prior to submission to the C/S for approval.

G-1 CFAD

DEPARTMENT OF THE ARMY 20 APR 1950

Declassified E.O. 12065 Section 3-402/NNDG NO. 775009

3746-C

Major Rousseau/rsl 26-5927

Sale of Automobiles to Indigenous Personnel

G-1 G-4 20 Apr 50

1 1. Reference is made to C/N 2, G-4 to G-1, dated 11 Oct 49, subject as above.

2. a. The attached staff study has been prepared by G-1 as a result of conferences with members of G-4, ESS, LS, JA, and CTS, and proposes that the stringent regulations prohibiting the sale of automobiles to indigenous personnel be relaxed.

b. Information available to your section and referred to in the proposed staff study as Tabs is not included in the attached copy of the proposed staff study.

3. Your concurrence and/or comments on the attached staff study together with recommendations contained therein are requested.

4. Request that this matter be given expeditious handling in order that the final staff study may be prepared for presentation to the C/S as soon as possible.

5. Separate copies of the proposed staff study have been furnished ESS, JA, LS and Comp.

1 Incl
Ppsd Staff Study

W. A. B.

M/R: Inst action to secure comments of interested staff sections prior to submission to C/S for approval.

G-1 CFAD

ARMY DEPARTMENT 20 APR 1950

Declassified E.O. 12065 Section 3-402/NNDG NO. 775009

3746-D

Major Rousseau/rsl 26-5927

Sale of Automobiles to Indigenous Personnel

G-1 ESS 20 Apr 50

1 1. Reference is made to C/N 7, ESS to G-1, dated 21 Nov 49, subject as above.

2. a. The attached staff study has been prepared by G-1 as a result of conferences with members of G-4, ESS, LS, JA, and CTS, and proposes that the stringent regulations prohibiting the sale of automobiles to indigenous personnel be relaxed.

b. Information available to your section and referred to in the proposed staff study as Tabs is not included in the attached copy of the proposed staff study.

3. Your concurrence and/or comments on the attached staff study together with recommendations contained therein are requested.

4. Request that this matter be given expeditious handling in order that the final staff study may be prepared for presentation to the C/S as soon as possible.

5. Separate copies of the proposed staff study have been furnished G-4, JA, LS and Comp.

1 Incl
Ppsd Staff Study

W. A. B.

M/R: Inst action to secure comments of interested staff sections prior to submission to the C/S for approval.

G-1 CFAD

DISPATCHED 20 APR 1950 G-1 ESS CFAD

Declassified E.O. 12065 Section 3-402/NNDG NO. 775009

SALE OF MOTOR VEHICLES TO INDIGENOUS PERSONNEL AND AGENCIES

THE PROBLEM:

1. To study the relaxation of stringent regulations prohibiting the transfer of motor vehicles by any means from non-indigenous personnel or agencies to indigenous personnel or agencies in order to provide economical transportation for the Japanese people and to establish similar relationship between occupation personnel and other foreign nationals and the Japanese people, as now exists between the armed forces and the civilian population of the United States.

FACTS BEARING ON THE PROBLEM:

2. a. SCAP Cir 4, 1949 (Tab A), as amended by SCAP Cir 21, 1949 (Tab B), prohibits, in general, the transfer of vehicles by any means from non-indigenous personnel or agencies to indigenous personnel or agencies. Regulations of this general nature have been in existence since the beginning of the occupation. SCAPIN 1970 (Tab C) authorizes exceptions to SCAP Cir 4, allowing the sale of wrecked or damaged vehicles by insurance companies licensed to do business in Japan. Four insurance companies were authorized by letter (Tab D) to dispose of such wrecked or damaged vehicles to indigenous personnel or agencies for yen without reference to SCAP. This was done in order to provide some return to these companies for protection afforded the occupation forces. However, this blanket authorization has resulted in the irregular practice by these insurance companies of reimbursing the insured in full for the value of his car when the automobile was only slightly damaged, and subsequently reselling these same automobiles to Japanese nationals for fantastic yen prices. For example, a 1946 Buick was sold for ¥2,500,000 or a dollar value of $9,257 (the prevailing yen rate at the time was 270 to 1). There have been innumerable instances where insurance companies have sold damaged automobiles for yen. Assuming that the insured received full dollar coverage for his damaged vehicle (Tab E), these companies have made an average yen profit of $1,000 on every car so sold. Separate action to be submitted to the C/S recommends revocation of this privilege.

b. Foreign nationals, resident of Japan prior to 2 Sept 45, having legal access to foreign currency, have purchased motor vehicles from non-indigenous personnel for dollars and resold these automobiles for yen to indigenous personnel entirely within the structure of regulations as now written. For example, Dr. Haban, former Hungarian diplomat, currently in Japan as "Liquidator for Hungarian Legation Assets" with no diplomatic immunity or occupation status, has bought and resold to Japanese nationals 7 automobiles for which no legal action against him is possible under current regulations.

c. G-1 is currently processing some 50 to 100 requests each month for persons to sell automobiles to Japanese personnel for yen as an exception to policy. As pointed out by C/N 2, G-1 to C/S, 28 Jul 49 (Tab F), government agencies have received automobiles as reparations and

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have been authorized by SCAP to sell such automobiles to indigenous personnel.

d. Interpretation of the provisions of Cir 247 (superseded by Special Regulations 35-510-1) as contained in W 35000 (Tab G) indicates that occupation force personnel may use currencies acquired from officially sanctioned sources so long as such currencies are not used for black market activities. Thus U. S. authorized personnel in Japan are permitted to expend within the economy of Japan that yen acquired from officially sanctioned sources, such as licenses for publication of books, etc.

e. A certian amount of foreign exchange is required to provide necessary imports which Japan must have in order to provide food for its people and raw materials for its industries. Of this foreign exchange approximately 70% is acquired through international trade or other non-appropriated fund sources, the remainder being provided by GARIOA. This foreign exchange has been used primarily for the import of raw materials for the manufacture of exports to be sold for foreign exchange. Expenditures of foreign exchange which strengthen or acquire badly needed items for the Japanese economy have been made. However, expenditures of Japanese foreign exchange resources not materially increasing exports or contributing either directly or indirectly to the strengthening or rehabilitation of the Japanese economy are not favorably considered since they may result in increased GARIOA requirements.

f. Under the foreign exchange retention plan, exporters of Japanese goods, including Japanese nationals, are permitted to acquire foreign exchange credits of from 3 to 10% of a contract, depending upon the commodity, where such transactions are financed by letters of credit or remittance received from outside Japan. In accordance with SCAPIN 2020 (Tab H), these foreign exchange retention credits may be used by private Japanese exporters for sales, promotion, expenses, purchases of credit information, patent rights, etc., and for other purposes as specifically approved by SCAP. Thus, legally SCAP could approve the purchase of an automobile by a Japanese national having access to foreign exchange retention credits provided he could show that transportation was necessary in the conduct of his business and foreign exchange would be available for payment.

g. Lack of transportation both motor and rail is a tremendous obstacle to the efficient operation of the Japanese Government and its industrial machine, and therefore retracts the economic rehabilitation of Japan. However, the Japanese economy is not essentially an "automobile economy". According to figures submitted by the Ministry of Transportation, the maximum number of passenger cars, large and small, in pre-war years was 37,162 in 1936 and the present total is 40,287. The Japan automobile industry, fostered by SCAP called for the production of approximately 5,000 passenger motor vehicles and 2,500 electrically operated automobiles in 1949. During 1949, 1,008 4-wheel, small passenger motor vehicles were

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produced by Japanese manufacturers, and 1,029 electrically operated automobiles were produced. Such cars are 4-passenger, short wheel base, narrow tread, and designed to operate under conditions prevailing in Japan prior to the war. Sale of these vehicles is not controlled and Tokyo prices in March 1950 range from ¥1,000,000 ($2,777.78) for Tyopet 2 door sedans, ¥650,000 ($1,805.55) for Datsun deluxe 2-door sedans, to the cheapest which is ¥480,000 ($1,333.33) for Datsun standard 2-door sedans. The sale of foreign made automobiles at reasonable prices would probably affect the local market of indigenously produced automobiles which is currently in the throes of a depression (Tab I).

h. Extracts from a report on the reopening of Japanese refineries by Mr. Noel, a visiting petroleum expert consultant, indicates that by mid-1950 Japanese refineries will be refining more gasoline than is presently required, provided that rationing and other restrictions on the use of gasoline are not lifted. It should be noted, however, that this gasoline is refined from crude oil imported to Japan and paid for either through the SCAP Commercial Account or by GARIOA.

i. The present highway system in Japan, while suitable in some urban areas for large volumes of vehicular traffic, is not particularly designed for large numbers of foreign made automobiles. However, PM records indicate that there are currently over 35,000 foreign made automobiles in Japan, in addition to those belonging to indigenous personnel. Assuming that taxes accruing into the Japanese Government from the use of motor vehicles are used for highway improvement purposes, as is done in the U. S., the Japanese Government will have sufficient revenue to maintain and improve their highway system. The inadequacy of the suburban highway system in Japan is one of the biggest obstacles to be overcome in securing an increased tourist trade by which more dollars will become available to the Japanese Government.

j. During the period August 1949 to February 1950, an average of 140 vehicles per month were returned to the ZI aboard USAT's. Return of these vehicles by government transportation to the ZI involves considerable cost to the U. S. Government in carriage insurance, loading, discharge and movement of the vehicles, plus the possibility of additional cost in attendant liability to claims for damage. Actual cost for loading and unloading each vehicles is $32.10. The estimated cost of water transportation is $320.00, thus costing the U. S. Government approximately $350.00 per vehicle or $50,000.00 per month for transportation of vehicles to the U. S. Commercial shipping firms charge from $350.00 to $400.00 depending upon the size of the vehicle transported. With the backlog of personnel to be returned to the ZI expected during the summer months, it may well be that a backlog of motor vehicles to be returned to the ZI will be established, thus making it impossible for an individual's vehicle to be transported to the ZI on the same

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ship as the individual; thus causing an impact upon storage facilities at ports of entry in Japan and in the ZI. This condition and cost may be alleviated by disposal of a majority of such vehicles prior to the return of the individuals to the ZI for separation or relocation.

3. DISCUSSION: Two main courses are open to SCAP: either continue present prohibitions against the sale of motor vehicles to indigenous personnel or authorize the sale of motor vehicles to indigenous personnel. For clarity, each course of action is discussed separately with its considered effects.

a. Effect on the Japanese Economy. (1) Relaxation of present regulations would, if conversion of a portion or all of the yen acquired by such sales were authorized, create a drain on the foreign exchange available to the Japanese Government. Such relaxation would, however, provide a greatly increased yen revenue to the Japanese Government through taxation and save the present foreign exchange and yen losses through irregular activities by individuals in selling automobiles. There will be no appreciable impact on the highway system of Japan, since a majority of vehicles which will be sold to Japanese are currently in Japan. However, it will provide a new source of funds through taxation by which the Japanese Government may rehabilitate and improve their highways. Relaxation will provide an economical means of replacement for the archaic vehicles now possessed by the Japanese Government and various individuals, thus providing more economic and efficient transportation which is sorely needed to stabilize the economy of Japan and enable the Japanese Government to efficiently perform its governmental duties. In this connection reports from the Japanese National Police indicate that maintenance costs for their vehicles currently is in excess of ¥250.00. An additional demand for petroleum products will be created, possibly resulting in increased imports of crude oil to be refined in Japanese refineries. This, however, will again increase the yen income to the Japanese Government and provide a market for the products of Japanese refineries. Improvements of the highways throughout Japan resulting from relaxation would contribute greatly to increased tourist trade, which is potentially the most prolific source of dollar income to Japan.

(2) Continuance of present regulations would insure that no demand is made on the foreign exchange available to the Japanese Government, no increase in the requirements of gasoline or POL products. However, it would not provide an outlet for products of Japanese refineries, unless extra gasoline were made available for luxury travel. Present regulations, including exceptions to these regulations, allows but a limited replacement of motor vehicles by the Japanese Government or other individuals and then only at exorbitant yen prices with the Japanese Government realizing but little yen profit and a subsequent loss of dollar exchange from such transactions. Additional transportation for the already over-burdened transportation system is not provided nor is the

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Japanese Government furnished a source of revenue through which improvements to their highway system may be financed.

(3) Conclusion: While precipitating an immediate loss of foreign exchange, the acquisition of motor vehicles at reasonable prices will be of overall benefit to the Japanese Economy.

b. Effect on Discipline. (1) Relaxation of current regulations would create a legal outlet for used automobiles in Japan, thus eliminating blackmarketing and irregular transactions in such automobiles. Open sales possibly would authorize some individuals to capitalize on the initial surge of Japanese nationals to purchase foreign made vehicles. However, it is considered that prices would soon stabilize themselves in accordance with the law of supply and demand. This is evidenced by the elimination of blackmarketing in used or second-hand clothing, which existed prior to the publication of SCAP Cir 23, authorizing the barter of such clothing. Initially prices were high; however, within a period of 2 months the value of used clothing on the Japanese market deteriorated to such an extent that individuals desiring to dispose of used clothing, sold it through the Thrift Shop at the PX. Unrestricted sales of motor vehicles for yen with no or partial conversion authorized would undoubtedly place the first few vendors in the position of having more yen than they could legitimately use in Japan, thus causing such individuals to either sell yen to other individuals for more than conversion rates in order to get dollars or to purchase precious stones and other articles of National Wealth for subsequent resale in the ZI.

(2) Continuance of present regulations with exceptions thereto, places SCAP in the undesirable position of arbitrarily benefiting certain individuals and firms by allowing the circumvention of regulations. Under current regulations some members of the occupation forces buy and sell for dollars several vehicles during the course of a single year. At present recurrent sales by the same individual are not illegal, provided sales are to eligible customers. The pressure within the occupation community to rid itself of not only damaged but aged vehicles compared with the demand among Japanese for vehicles less archaic than their own is currently provoking illegal sales, the existing regulations notwithstanding. In addition to cases established by records of court-martial, provost court, trials and contraband confession, it is known that other illegal sales are occurring, although undemonstrative for lack of adequate proof. One Japanese dealer reports that there are currently over 1,000 automobiles owned and registered in the name of commercial entrants and possessed by Japanese nationals. The circumstances that in certain cases where sales of automobiles to Japanese are authorized as "an exception to policy" tends to encourage rather than discourage illegal sales. Due to the restricted number of "exceptions to policy" only a few highly placed Japanese individuals have had an opportunity to acquire foreign motor vehicles legally, thereby tending to reestablish pre-occupation

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discriminatory practices in favor of persons of power, influence or special qualifications.

(3) Conclusion. Relaxation of present prohibitions subject to such minimum check as may be necessary to safeguard currency laws would reduce the excessive premiums which foreign automobiles of almost any age now command among the Japanese, thus eliminating irregular transactions, lessening the law enforcement problems of both occupation and Japanese authorities and establishing a public respect for law.

c. Effect on Morale. (1) Continuance of present prohibitions against the sale of motor vehicles to indigenous personnel causes many occupation force personnel, almost required to provide transportation for themselves in Japan, to sell their automobiles for a loss or to return such automobiles to the ZI in an abnormally deteriorated condition, due to bad roads, improper repair facilities and lack of spare parts in Japan. Some individuals stationed in suburban areas are forced either into illegal sales or consider that they have not had the same opportunity to dispose of their automobiles as those more fortunate individuals stationed near centers of population, where legal sales to non-indigenous personnel are more easily consummated. A large number of occupation force personnel returning to the ZI for reassignment or separation require all the ready cash they can lay their hands on prior to departure from Japan. Such individuals can ill-afford unnecessary or extensive delays at ports of entry in the ZI, waiting for their automobiles to arrive, or waiting for necessary repairs to be made prior to undertaking the long journey. Neither can such individuals afford to return to the port of entry at some later date to receive their automobiles on arrival.

(2) Relaxation of current regulations would eliminate present trends among certain members of the occupation to buy and sell numerous automobiles through their contacts gained by virture of their position within the occupation. Occupation force personnel would realize possibly two to three hundred dollars more on their vehicles than they could back in the States.

(3) Conclusion. Relaxation of present regulations would give a tremendous boost to the morale of the occupation force personnel and further cause a similar relationship to exist between Japanese and occupation force personnel as exists between the members of the Armed Forces and the indigenous population of the U. S.

d. Miscellaneous: (1) Uncontrolled and sales for excessive prices of automobiles by non-indigenous personnel may cause criticism of SCAP policies by correspondents unfriendly to the occupation, and by automobile dealers whose franchise in Japan may deteriorate in value as a result of a reduction in the new car sales market. Authorization for

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Japanese nationals to purchase new cars as well as second hand cars from either dealers or individuals will eliminate basis for this criticism.

(2) Authorization for sales would save the United States Government an estimated $50,000 a month in direct transportation costs in returning vehicles to the ZI for which no reimbursement can be expected.

c. Summary of Discussion. In comparing the two courses of action, it is considered that the stringent regulations prohibiting the sale of privately owned automobiles by non-indigenous personnel to indigenous personnel have apparently outlived their usefulness and that the time is propitious to relax these regulations. Since such relaxation must protect the foreign exchange available to the Japanese Government and not create an additional means of irregular transactions, it is further considered that any relaxation must be controlled.

4. METHODS OF IMPLEMENTATION. In an attempt to determine the best method of implementation of the proposed relaxation, conferences between representatives of ESS, G-4, CTS, JA, LS, and G-1 have considered the following solutions:

a. Plan A - Unrestricted Yen Sales with No Conversion:

(1) Brief of Plan - Open sales of motor vehicles for yen with no conversion authorized. All sales to be validated by Japanese Government and Provost Marshal.

(2) Discussion - Open sales would establish a free market, thereby establishing prices according to the law of supply and demand. Initially, however, prices will be high. In addition, this plan will definitely place the sale of motor vehicles to indigenous personnel on the same basis as the sale of motor vehicles in the U. S. No expenditure of foreign exchange available to Japan will be required. However, the Japanese Government will be denied a certain amount of foreign exchange which would have been available to them had vendors of motor vehicles purchased the yen which they acquired through the sale of their automobiles or which would have been accrued had goods purchased with such yen been exported. Acquisition of large amounts of yen by individuals would tend to create a source of many illegal activities among such individuals, since the majority would not require such large sums of yen for expenditures within the Japanese economy as they would obtain through the sale of motor vehicles. In such instances individuals would either purchase precious stones or other commodities of national wealth, or else engage in illicit currency transactions in order to acquire dollars for the yen acquired from the sale of their automobiles. Possibly non-indigenous personnel would purchase many articles with this yen which they would subsequently be required to resell in the U. S. in order to replenish their dollar accounts. The Japanese Government would derive a yen income through taxes placed on these vehicles.

(3) Conclusion. Until such time as a single currency

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is established and yen has a conversion value, it is considered that this plan is not feasible.

b. Plan B - Unrestricted Yen Sale with Limited Conversion.

(1) Brief of Plan - Open sales for yen validated by both Japanese Government and the Provost Marshal. Authorized conversion of the purchase price of the automobile. Such conversion is to be made by either Japanese Government or Finance Officers.

(2) Discussion - Undoubtedly this method is the most advantageous to occupation force personnel who would acquire dollars for their cars and possibly excessive yen to expend within the Japanese economy. Again the initial prices would be high but would soon establish their level according to the law of supply and demand. This method would undoubtedly cause a drain on the Japanese foreign exchange which possibly might be more than the Japanese economy can afford to spend for automobiles. Foreign Exchange expenditures could not be budgeted due to the unknown quantity of automobiles which would be sold under this plan. Assuming that 20% of the 35,000 cars in Japan would be sold in the current year at prices averaging $1,500.00 each, an estimated expenditure of $10,000,000.00 in foreign exchange during the first year of operation would be required to place 7,000 foreign automobiles in Japanese hands. Since occupation force personnel contribute approximately $50,000,000.00 yearly to the foreign exchange available to Japan, through the purchase of yen, it would seem fair from a CINCFE standpoint to authorize them to obtain all possible monies from the sale of their automobiles. Possibly excessive yen in the hands of occupation force personnel could create a source of blackmarket or illicit dealing in currencies. Excessive yen prices could be eliminated (through advertising and by announcing that sales would be authorized on and after a certain date, two weeks publicity would obtain the desired results).

(3) Conclusion - While considered most desirable for occupation force or non-indigenous personnel, this plan may cause too much drain on the foreign exchange available to Japan to be established at this time.

c. Plan C. Regulated Sales through Japanese Government Agencies for Dollars.

(1) Brief of Plan - Japanese Government to allocate approximately $2,000,000.00 per year of foreign exchange to automobile dealers for the purchase of automobiles from non-indigenous personnel. The Japanese Government would have priority on the purchase of automobiles from dealers, other vehicles are sold at public auction to indigenous personnel for yen. Yen profits and taxes accruing from sale go to the Japanese Government.

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(2) Discussion - This plan limits the amount of foreign exchange available for the purchase of automobiles making it an item which can be budgeted. A fair dollar price is given to occupation force personnel desiring to sell their vehicles to Japanese. The Japanese Government is given first choice of all vehicles, but leaving sufficient vehicles for other purchasers. Sales are made through an agency such as OAS established all over Japan, thus making equal opportunities for all individuals desiring to sell their automobiles. However, this does not encourage a free market, since price restrictions are definitely placed on the vehicles. Again it offers Japanese officials possibilities for bribery and corruption but eliminates the source of blackmarket and illicit currency transactions among non-indigenous personnel.

(3) Conclusion. This plan is workable, provides a minimum of control compatible with protecting foreign exchange and preventing the establishment of blackmarket or illicit currency practices, provides for equitable distribution of buying and selling opportunities; and is not affected by currency fluctuations or possible changes in currency regulations.

5. Recommend approval of:

a. Relaxation of current regulations prohibiting the sale of automobiles to indigenous personnel.

b. Implementation of relaxation according to Plan C (Tab J).

6. Upon approval of the recommendations contained above, G-1 will institute necessary changes to existing regulations.

7. Concurrences: JA ( )
ESS ( )
G-4 ( )
LS ( )
COM ( )

W.A.B.

Declassified E.O. 12065 Section 3-402/NNDG NO. 775009

PROPOSED PROCEDURES FOR SALE OF FOREIGN AUTOMOBILES TO INDIGENOUS PERSONNEL

A. Sale of Automobile by Foreign National:

1. The purchase of foreign automobiles for the Japanese economy, with foreign exchange, would be considered as an import and would be subject to standard import controls and licensing.

2. The Japanese Foreign Exchange Budget and related quarterly Procurement Schedules should include an item of approximately $500,000 for the April - June quarter, and a similar or lesser amount for subsequent quarters as appears appropriate.

3. MITI should be responsible for establishing the necessary control procedures and ensuring adherence to them. MITI has, it is understood, nine regional offices in Japan and the establishment of necessary facilities near each of these regional offices would place such facilities within reach of substantially all foreign nationals who might desire to sell their automobiles.

4. All automobile dealers authorized to engage in import trade will be designated by MITI to operate on a 10% commission basis under this plan. In areas, however, where import dealers are not established, MITI will designate local dealers to operate under this plan on the same basis as the import dealers noted above. Allocation certificates will be issued to designated dealers monthly in the same ratio as import allocations.

5. Designated dealers could then buy foreign automobiles on a privately negotiated basis and would be allowed to purchase through a foreign exchange bank sufficient foreign exchange pursuant to the import license received from MITI.

6. All dealers authorized to engage in import trade may accept in trade, foreign automibiles as partial payment for new automobiles to be delivered to the purchaser at a point outside Japan. Automobiles so accepted may be resold for foreign exchange to those individuals authorized to deal in foreign exchange or may be sold for yen under procedures outlined herein.

7. Under this authorization and procedure, it would be illegal:

a. To sell or transfer title of a foreign automobile to indigenous personnel within 6 months of the date the car was purchased or acquired by the Seller.

b. To sell more than one automobile to indigenous personnel within any 12 month's period, and

c. To sell at a price, and make or receive payment in foreign exchange, in excess of the Seller's cost as evidenced by his bill of sale and/or other title document.

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B. Sale of Automobi s for Yen:

1. Under this proposal the yen price of foreign automobiles sold to indigenous personnel must be sufficient to cover at the manimum:

a. The yen equivalent of the foreign exchange cost.

b. Applicable import duties.

c. Applicable luxury or other taxes.

d. A fixed per cent mark-up to cover handling and financing costs, plus profit.

2. Once each month a list of all cars purchased by the designated dealers during the last 30 days would be submitted to the MITI. MITI would promptly circulate the list to other Agencies of the Japanese Government, who would have a limited number of days (say, five) during which time the Japanese Government could purchase up to one-half the available cars at the minimum price.

3. Cars not purchased by the Japanese Government would be sold for yen to the highest bidder at regular public auctions. To ensure receiving the best possible price and to minimize discrimination or illicit transactionsk the following steps would be required:

a. Holding of auctions regularly and on established dates.

b. Public advertising and listing of all cars to be offered at auction, at least 5 days prior to the sale.

c. Availability of the cars for personal inspection (but not trial) during the period between advertising and sale.

d. Granting of a fixed percentage commission (possible, 10%) to the dealer for any amounts realized above the minimum sales price.

e. The difference between the ultimate sales price, less commission, and the minimum sales price would be payable to the Japanese Government for deposit with the Bank of Japan as "Miscellaneous Revenue", thus siphoning off what would otherwise be a black market profit.

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451 5121

Maj Grimshaw/ct 26-5938

Sale of Automobile - Property of
Foreign Mission Member

G-1 DS 16 May 1950

1 1. Reference: C/N 2, G-1 to DS, 2 March 1950, subject: "Sale of Automobile - Property of Foreign Mission Member".

2. Request the UKLM be advised substantially as follows:

"Previous inspection of subject vehicle disclosed that it is repairable at a nominal expense and, if repaired, would be salable in the authorized market. An exception to policy, therefore, is not considered warranted."

1 Incl
Memo fr UKLM

- W. A. B. - - - - - - - - - - -

M/R: 1. C/N, 2 Mar 50, referred to above, approved by D C/S SCAP denied permission to sell vehicle to indigenous personnel for yen.

2. Following is extract from G-1 C/N to C/S, 28 Feb 50.

"Investigation of the request and inspection of the vehicle by PMOT indicates the vehicle is repairable at an approximate cost of $100 and salable, if repaired, for about $700. It was purchased by Mr. Sadler from CPC in Jan 1949 for the equivalent of $500. Automobiles that CPC have sold quite often appear to be a buyer's investment instead of providing needed transportation."

H.G.S. I

3. Exceptions to policy only on the ground of departure from Japan of the owner have not previously been favorably considered.

4. Instant C/N replies to 2nd request for authority to sell automobile for yen.

DISPATCHED
17 MAY 1950
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Declassified E.O. 12065 Section 3-402/NNDG NO. 775009

United Kingdom Liaison Mission in Japan,
British Embassy,
TOKYO.

6th May, 1950.

Ref: 952/1/50.

TO : General Headquarters,
Supreme Commander for the Allied Powers.

ATT : Diplomatic Section.

SUBJECT : Disposal of Privately-Owned Motor Vehicle to Indigenous Personnel.

Please refer to our memorandum of the 2nd February (No. 952/1/50) requesting approval for the disposal to indigenous personnel of a 1941 Willys Knight belonging to Mr. G. F. A. Sadler of the staff of this Mission and to your reply of the 9th March.

Mr. Sadler has tried to obtain the necessary spare parts, to put this vehicle in running order, from the Tokyo and Yokohama Post Exchange and Overseas Automobile Service Garages and also from the Willys Knight agents in Japan, but with no success. As he is due to leave this country permanently at the beginning of June we shall be grateful if further representations can be made for permission for him to dispose of the vehicle, as it stands, to indigenous personnel for yen currency.

for Administration Officer.

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1/51 9687

Lt Col Metcalf 26-6356

Sale of Automobile Property
of Foreign Mission Member

G-1 DS 2 March 1950

5 Contd seas Automotive Service, either as to service or repair parts, consideration will be given to special authority for the UKLM to utilize the facilities of Post Exchange concessionaire garages for this one-time repair job."

1 Incl
n/c

- W. A. B. - - - - - - - - -

M/R: DC/S approved above action on 1 Mar 50. Reference is C/N 5 fm G-1 to C/S, subj as above, dated 28 Feb 50.(This kept in files and the above C/N 5 substituted in its place).

(Lt Col Metcalf 26-6356)

WAB/GTM/eb

G-1 File

Hqs.

DISPATCHED
2 MAR 1950
G-1
ARMY

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Declassified E.O. 12065 Section 3-402/NNDG NO. 775009

From: G-1 To: DS

Lt Col Metcalf 26-6356
Date: 2 March 1950

5 1. The policy of the Supreme Commander for the Allied Powers prohibiting the sale of automobiles to indigenous personnel is contained in SCAP Cir 4, 1949 series.

2. The vehicle subject of the attached UKLM request has been inspected and found to be repairable at a nominal cost. It is not considered, therefore, that an exception to policy is warranted on the grounds of "wrecked, damaged, or irreparable condition." Exceptions to policy only on the ground of departure from Japan of the owner have not previously been favorably considered.

3. Recommend the UKLM be advised substantially as follows:

"Regulations established by the Supreme Commander for the Allied Powers prohibit the sale of vehicles by non-indigenous personnel to indigenous personnel. These regulations are promulgated in Cir 4, Supreme Commander for the Allied Powers, 1949 series, and in a Memorandum for the Japanese Government, No. 1970, dated 10 February 1949 (short title SCAPIN 1970).

Inspection of subject vehicle discloses that it is repairable at a nominal expense and, if repaired, would be salable in the authorized market. An exception to policy, therefore, is not considered warranted.

Should the necessary repair work be of such nature as to be beyond the capabilities of Japanese garages or outlets of the Over-

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Declassified E.O. 12065 Section 3-402/NNDG NO. 775009

GENERAL HEADQUARTERS
FAR EAST COMMAND

CHECK SHEET

Lt Col Metcalf 26 6356

(Do not remove from attached sheets)

File No: Subject: Sale of Automobile Property of Foreign Mission Member

Note No. 5

From: G-1 To: DS Date: 28 February 1950

1. The policy of the Supreme Commander for the Allied Powers prohibiting the sale of automobiles to indigenous personnel is contained in SCAP Circular 4, 1949 series.

2. The vehicle subject of the attached UKLM request has been inspected and found to be repairable at a nominal cost. It is not considered, therefore, that an exception to policy is warranted on the grounds of "wrecked, damaged, or irreparable condition." Exceptions to policy only on the ground of departure from Japan of the owner have not previously been favorably considered.

3. Recommend the UKLM be advised substantially as follows:

"Regulations established by the Supreme Commander for the Allied Powers prohibit the sale of vehicles by non-indigenous personnel to indigenous personnel. These regulations are promulgated in Circular 4, Supreme Commander for the Allied Powers, 1949 series, and in a Memorandum for the Japanese Government, No 1970, dated 10 February 1949 (short title SCAPIN 1970).

Inspection of subject vehicle discloses that it is repairable at a nominal expense and, if repaired, would be salable in the authorized market. An exception to policy, therefore, is not considered warranted.

Should the necessary repair work be of such nature as to be beyond the capabilities of Japanese garages or outlets of the Overseas Automotive Service, either as to service or repair parts, consideration will

2-28/25

D R A F T

8699—FEC Printing Plant—10/49—50M

Declassified E.O. 12065 Section 3-402/NNDG NO. 775009

GENERAL HEADQUARTERS
FAR EAST COMMAND

CHECK SHEET

Lt Col Metcalf 26 6356

(Do not remove from attached sheets)

File No: **Subject:** Sale of Automobile Property of Foreign Mission Member

Note No.	From: G-1	To: DS	Date: 28 Feb 50

1 cont'd be given to special authority for the UKLM to utilize the facilities of Post Exchange concessionaire garages for this one-time repair job."

~~2. The Chief of Staff has approved the indicated action.~~

W. A. B.

APPROVED
DEPUTY C/S, SCAP
1 March/50
INITIALS arg

WAB

DRAFT

55 FEC AGO Form No 37

8699—FEC Printing Plant—10 49—50M

Declassified E.O. 12065 Section 3-402/NNDG NO. 775009

Lt Col Metcalf 26 6356
From: G-1 To: C/S Date: 28 Feb 50

5

1. Basic communication, Tab A, is a request from UKLM for authority for a member of that mission, Mr. Sadler, to dispose of a vehicle in the Japanese market for yen.

2. Such authorization would require an exception to SCAP policy outlined in Circular 4 of 1949, which prohibits sale of automobiles to indigenous personnel.

3. Investigation of the request and inspection of the vehicle by PMOT indicates the vehicle is repairable at an approximate cost of $100 and salable, if repaired, for about $700. It was purchased by Mr. Sadler from CPC in January 1949 for the equivalent of about $500. Automobiles that CPC have sold quite often appear to be a buyer's investment instead of providing needed transportation.

4. Recommend approval of the attached checknote, Tab B, to DS denying the UKLM request.

2 Incls
1 - n/c
2 - Ppsd C/N fm G-1 to DS

W. A. B.

2-28-5
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FEC AGO Form No 37

5704—FEC Printing Plant—5/49—50M

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Declassified E.O. 12065 Section 3-402/NNDG NO. 775009

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Lt Col Griffith, Meiji 337

Sale of Automobile Property of
Foreign Mission Member

PM G-4 23 February 1950
G-1 (in turn)

4 1. Attention is invited to comments contained in preceding check note.

2. This Section concurs in the recommendation that request of Mr. G. F. A. Sadler to sell his vehicle to indigenous personnel for yen be denied.

1 Incl
n/c

R. T. C.

Lt Col Metcalf 26 6356
From: G-1 To: C/S Date: 28 Feb 50

5 1. Basic communication, Tab A, is a request from UKLM for authority for a member of that mission, Mr. Sadler, to dispose of a vehicle in the Japanese market for yen.

2. Such authorization would require an exception to SCAP policy outlined in Circular 4 of 1949, which prohibits sale of automobiles to indigenous personnel.

3. Investigation of the request and inspection of the vehicle by PMOT indicates the vehicle is repairable at an approximate cost of $100 and salable, if repaired, for about $700. It was purchased by Mr. Sadler from CPC in January 1949 for the equivalent of about $500. Automobiles that CPC have sold quite often appear to be a buyers investment instead of providing needed transportation.

4. Recommend approval of the attached checknote, Tab B, to DS denying the UKLM request.

2 Incls
1 - n/c
2 - Ppsd C/N fm G-1 to DS

W. A. B.

DISPATCHED
28 FEB 1950
G-1
ONG
ARMY

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Declassified E.O. 12065 Section 3-402/NNDG NO. 775009

Sale of Automobile Property
of Foreign Mission Member

G-1 DS February 1950

1 1. The policy of the Supreme Commander for the Allied Powers prohibiting the sale of automobiles to indigenous personnel is contained in SCAP Circular 4, 1949 series.

2. The vehicle subject of the attached UKLM request has been inspected and found to be repairable at a nominal cost. It is not considered, therefore, that an exception to policy is warranted on the grounds of "wrecked, damaged, or irreparable condition." Exceptions to policy only on the ground of departure from Japan of the owner have not previously been favorably considered.

3. Recommend the UKLM be advised substantially as follows:

"Regulations established by the Supreme Commander for the Allied Powers prohibit the sale of vehicles by non-indigenous personnel to indigenous personnel. These regulations are promulgated in Circular 4, Supreme Commander for the Allied Powers, 1949 series, and in a Memorandum for the Japanese Government, No 1970, dated 10 February 1949 (short title SCAPIN 1970).

Inspection of subject vehicle discloses that it is repairable at a nominal expense and, if repaired, would be salable in the authorized market. An exception to policy, therefore, is not considered warranted.

Should the necessary repair work be of such nature as to be beyond the capabilities of Japanese garages or outlets of the Overseas Automotive Service, either as to service or repair parts, consideration will

D R A F T

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Declassified E.O. 12065 Section 3-402/NNDG NO. 775009

G-1 DS 28 Feb 50

1 cont'd be given to special authority for the UKLM to utilize the facilities of Post Exchange concessionaire garages for this one-time repair job."

4. The Chief of Staff has approved the indicated action.

W. A. B.

DRAFT

35

Declassified E.O. 12065 Section 3-402/NNDG NO. 775009

451

Lt Col Metcalf 26-6356

9198

Sale of Diplomatic Mission Vehicle

G-1 DS 10 March 1950

7 1. The policy of the Supreme Commander for the Allied Powers prohibiting the sale of automobiles to indigenous personnel is contained in SCAP Cir 4, 1949 series.

2. The vehicle, subject of the attached Philippine Mission request, has been inspected and found to be repairable at a nominal cost. It is not considered, therefore, that an exception to policy is warranted on the grounds of "wrecked, damaged, or irreparable condition." Exceptions to policy only on the ground of departure from Japan of the owner have not previously been favorably considered.

3. Request that the Philippine Mission be advised substantially as follows:

"Regulations established by the Supreme Commander for the Allied Powers prohibit the sale of vehicles by non-indigenous personnel to indigenous personnel. These regulations are promulgated in Circular 4, Supreme Commander for the Allied Powers, 1949 series, and in a Memorandum for the Japanese Government, No. 1970, dated 10 February 1949 (short title SCAPIN 1970).

"Inspection of subject vehicle discloses that it is repairable at a nominal expense and, if repaired, would be salable in the authorized market. An exception to policy, therefore, is not considered warranted."

2 Incls
Tab A and B - n/c

- W. A. B. - - - - - - - - -

M/R: Approved by DC/S, SCAP, on 9 Mar 50. Reference is C/N 7 (w/drawn and held in G-1 file), G-1 to C/S, dated 9 Mar 50, subj as above.

DISPATCHED
11 MAR 1950
G-1
GHQ
AFPAC

MAB/GTM/eb G-1 File

49

Declassified E.O. 12065 Section 3-402/NNDG NO. 775009

GENERAL HEADQUARTERS
FAR EAST COMMAND

D R A F T

CHECK SHEET

Lt Col Metcalf 26-6356

(Do not remove from attached sheets)

File No:

Subject: Sale of Diplomatic Mission Vehicle

Note No.	
1	**From:** G-1 **To:** DS **Date:** March 1950

1. The policy of the Supreme Commander for the Allied Powers prohibiting the sale of automobiles to indigenous personnel is contained in SCAP Cir 4, 1949 series.

2. The vehicle, subject of the attached Philippine Mission request, has been inspected and found to be repairable at a nominal cost. It is not considered, therefore, that an exception to policy is warranted on the grounds of "wrecked, damaged, or irreparable condition." Exceptions to policy only on the ground of departure from Japan of the owner have not previously been favorably considered.

3. Recommend the Philippine Mission be advised substantially as follows:

"Regulations established by the Supreme Commander for the Allied Powers prohibit the sale of vehicles by non-indigenous personnel to indigenous personnel. These regulations are promulgated in Circular 4, Supreme Commander for the Allied Powers, 1949 series, and in a Memorandum for the Japanese Government, No. 1970, dated 10 February 1949 (short title SCAPIN 1970).

"Inspection of subject vehicle discloses that it is repairable at a nominal expense and, if repaired, would be salable in the authorized market. An exception to policy, therefore, is not considered warranted."

- - - - - - - - - - - - - - - - - - W. A. B. - - - - - - - - - -

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APPROVED
DEPUTY C/s, SCAP
9 mar 50
INITIALS EWK

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FEC AGO Form No 37

8699—FEC Printing Plant—10/49—50M

Declassified E.O. 12065 Section 3-402/NNDG NO. 775009

GENERAL HEADQUARTERS
FAR EAST COMMAND

CHECK SHEET

Lt Col Metcalf 26-6356

(Do not remove from attached sheets)

9198

File No: **Subject:** Sale of Diplomatic Mission Vehicle

Note No.	From: G-1	To: C/S	Date: 9 March 1950

7

1. Basic communication (Tab A) is a request from a member of the Philippine Mission, Mr. Bonifacio S. Lintag, to dispose of a vehicle in the Japanese market for yen.

2. Such authorization would require an exception to SCAP policy outlined in Cir 4, 49, which prohibits sale of automobiles to indigenous personnel.

3. Investigation of the request and inspection of the vehicle by PMOT indicates the vehicle is repairable at an approximate cost of $250.00 and salable, if repaired, for about $900 to $1,000. Hq Comdt and PM recommend disapproval. JA, citing the approval given Countess Revedin of the Italian Mission as precedent in the case of mission personnel, recommends approval. G-1 concurs with Hq Comdt and PM.

4. Recommend:

a. Disapproval of the request.

b. Approval of the attached proposed C/N to DS (Tab C).

3 Incls
1 and 2 - n/c
3. Tab C added - Ppsd C/N to DS

WAB

- W. A. B. - - - - - - - - - - -

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FEC AGO Form No 37

49

8699—FEC Printing Plant—10/49—50M

Declassified E.O. 12065 Section 3-402/NNDG NO. 775009

D R A F T

Lt Col Metcalf 26-6356

Sale of Diplomatic Mission Vehicle

G-1 DS March 1950

1. The policy of the Supreme Commander for the Allied Powers prohibiting the sale of automobiles to indigenous personnel is contained in SCAP Cir 4, 1949 series.

2. The vehicle subject of the attached Philippine Mission request has been inspected and found to be repairable at a nominal cost. It is not considered, therefore, that an exception to policy is warranted on the grounds of "wrecked, damaged, or irreparable condition." Exceptions to policy only on the ground of departure from Japan of the owner have not previously been favorably considered.

3. Recommend the Philippine Mission be advised substantially as follows:

"Regulations established by the Supreme Commander for the Allied Powers prohibit the sale of vehicles by non-indigenous personnel to indigenous personnel. These regulations are promulgated in Circular 4, Supreme Commander for the Allied Powers, 1949 series, and in a Memorandum for the Japanese Government, No. 1970, dated 10 February 1949 (short title SCAPIN 1970).

"Inspection of subject vehicle discloses that it is repairable at a nominal expense and, if repaired, would be salable in the authorized market. An exception to policy, therefore, is not considered warranted."

- W. A. B. - - - - - - - - - -

49

Declassified E.O. 12065 Section 3-402/NNDC NO. 775009

6 From: PM To: G-1

Lt Col Griffith, Meiji 337
Date: 7 March 1950

Since it is the understanding of this Section that present SCAP policy discourages the acquisition of automobiles by Japanese for private use as detrimental to Japanese economy, this Section concurs in the recommendation contained in paragraph 2, Check Note 4, that sale of this vehicle be disapprov

2 Incls
n/c

R. T. C.

49

Declassified E.O. 12065 Section 3-402/NNDG NO. 775009

451 3598

Lt Evans 26-7150

S 301 Sale of Diplomatic Mission Vehicle

DS PM 17 Feb 50
Thru: G-1

1. 1. Reference is made to the attached copy of C/N #1, DS to PM, dated 30 Jan 50, Subj: "Registration of Mission Vehicle".

2. Now forwarded for comments and/or necessary action are the attached copies of memo dated 11 Feb 50, from Mr. Bonifacio S. LINTAG, a member of the Philippine Mission, requesting permission to sell for Japanese yen the 1941 Plymouth Coupe, registered as PHILIPPINES DC-9.

3. Request information on which to base a reply.

Incl:
a/s

W.J.S.

Col G T Metcalf 26-6356

2 From: G-1 To: Hq Comdt
Thru: PM

1. Attention is invited to the attached request from Mr. Bonifacio S. Lintag, Philippine Mission to sell a 1941 Plymouth Coupe for yen.

2. Request inspection and report in accordance with established procedure and the report and recommendations be forwarded to G-1 through JA and PM.

1 Incl:
n/c

W.A.B.

G-1
WAB/GTM/hp

19

Declassified E.O. 12065 Section 3-402/NNDG NO. 775009

9231

GENERAL HEADQUARTERS
FAR EAST COMMAND

CHECK SHEET Lt Col Metcalf 26-6356

(Do not remove from attached sheets)

File No: Subject: Request for Approval to Sell USSR Car for Yen

Note No.	From: G-1	To: C/S	Date: 9 March 1950

7

1. Basic communication (Tab A) is a request from the Soviet Mission for authority to dispose of an automobile in the Japanese market for yen.

2. Such authorization would require an exception to the policy outlined in Cir 4, 49, which prohibits sales of automobiles to indigenous personnel.

3. Investigation of the request and inspection of the vehicle by PMOT indicates that the vehicle is in operating condition, and has not been wrecked. The request apparently is predicated on the basis of "old age" of the vehicle. Hq Comdt and PM recommend disapproval. JA, citing the approval given Countess Revedin of the Italian Mission as precedent in the case of mission personnel, recommends approval. G-1 concurs with Hq Comdt and PM.

4. Recommend:

a. Disapproval of the request.

b. Approval of the attached draft C/N to DS (Tab B).

2 Incls
Tab A - Ltr fr USSR, 8 Feb 50
Tab B - Ppsd C/N to DS

WAB

- W. A. B. - - - - - - - - - - - -

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FEC AGO Form No 37

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Declassified E.O. 12065 Section 3-402/NNDG NO. 775009

GENERAL HEADQUARTERS
FAR EAST COMMAND

CHECK SHEET

Lt Col Metcalf 26-6356

(Do not remove from attached sheets)

File No: Subject: Request for Approval to Sell USSR Car for Yen

Note No.

From: G-1 To: DS Date: March 1950

1. The policy of the Supreme Commander for the Allied Powers prohibiting the sale of automobiles to indigenous personnel is contained in SCAP Cir 4, 1949 series.

2. The vehicle, subject of the attached USSR request, has been inspected and found to be repairable at a nominal cost. It is not considered, therefore, that an exception to policy is warranted on the grounds of "wrecked, damaged, or irreparable condition." Exceptions to policy only on the grounds of antiquity of the vehicle have not previously been favorably considered.

3. ~~Recommend~~ Request that the USSR be advised substantially as follows:

"Regulations established by the Supreme Commander for the Allied Powers prohibit the sale of vehicles by non-indigenous personnel to indigenous personnel. These regulations are promulgated in Circular 4, Supreme Commander for the Allied Powers, 1949 series, and in a Memorandum for the Japanese Government, No. 1970, dated 10 February 1949 (short title SCAPIN 1970).

"Inspection of subject vehicle discloses that it is presently in operating condition and salable in the authorized market. An exception to policy, therefore, is not considered warranted."

W.A.B.

Approved
DCS SCAP
10 Mar 50
EWK

3 21 9 S
43

FEC AGO Form No 37

8699—FEC Printing Plant—10/49—50M

Declassified E.O. 12065 Section 3-402/NNDG NO. 775009

451 7722

Lt Col F B Harrison 26-5938

Adjudication of Automobile Damage Claims

G-1 JA 13 Feb 50

4 1. It is desired that JA prepare a plan for an arbitration system which will be limited to American Occupation personnel. American Occupation personnel to include US citizens only, military and civilians and their dependents.

2. Request that this plan be coordinated with 8th Army, Hq & Sv Gp, FEAF, and COMNAVFE and submitted to C/S thru G-1.

1 Incl
n/c

- W. A. B. - - - - - - - - - -

M/R: Basic ltr fm CG, 8th A, requested that an arbitration system be established for settling claims arising fm auto accidents.
(Lt Col F B Harrison 26-5938)

WAB/EBH/eb

DISPATCHED 13 FEB 1950 A

G-1 File

25-A

Declassified E.O. 12065 Section 3-402/NNDG NO. 775009

Adjudication of Automobile Damage Claims

LS G-1 7 February 1950

3 1. Legal Section by C/N 16, 9 Sept 1949, Subject: Compulsory Automobile Insurance, interposed no objection to the proposal of JA Section that arbitration boards be set up to consider claims arising out of automobile tort actions, provided Japanese nationals are excluded from the category of personnel who may present claims to such arbitration boards.

2. In the opinion of LS, such qualification of the proposed arbitration plan was necessary to comply with the firm policy of the CinC, expressed in SCAPIN 1195, dated 11 Sept 46, that

> ". . . the Supreme Commander for the Allied Powers recognizes no legal basis for liability with respect to such claims and accepts no responsibility for the adjustment and payment therefor."

3. This policy of nonrecognition of Japanese tort claims against occupation personnel was reiterated and reaffirmed as recently as 4 Jan 1950 in Check Note 6 from C/S to LS, subject: "Exercise of Criminal and Civil Jurisdiction over United Nations Nationals." A portion of paragraph 2 of such C/N states, "On the other hand, it is desired to avoid the possibility of occupation personnel being involved in tort claims by Japanese at this time." Obviously to permit Japanese to appear as parties in any proceeding before any forum set up at the direction of the Supreme Commander to litigate, arbitrate, or settle in any manner whatsoever a tort claim alleged by a Japanese National, would run contra to this well-known policy of the CinC.

4. Legal Section reaffirms the position taken in its Check Note of 9 Sept 1949, in which it interposed no objection to the proposed arbitration boards provided Japanese were excluded. This same position would hold if some other forum were instituted to handle such claims in place of arbitration boards. However, the practicability of any other forum to settle automobile tort claims than that suggested by JA Section in C/N 15, 31 Aug 1949, subject: "Adjudication of Automobile Damage Claims," is questionable.

5. LS has no objection to the adoption of the arbitration system proposed by JA but limited to American occupation personnel. Such a solution, even though on a voluntary basis, would afford some forum to resolve such claims and lend some justification for compulsory insurance. While the arbitration system proposed leaves much to be desired, LS believes it is the most feasible in the circumstances.

1 Incl
n/c

- A.C.C. - - - - - - - - - - - - - -

25A

Declassified E.O. 12065 Section 3-402/NNDG NO. 775009

451

Adjudication of Automobile Damage Claims
Mr Morrison - Meiji 394
24 January 1950

JA G-1

1 1. JA concurs in the recommendation of the Commanding General, Eighth Army.

2. In the course of a recent staff study conducted in this headquarters for the solution of the problem presented in the basic correspondence, JA, by C/N 15, 31 August 1949, proposed a SCAP circular which, it is believed, would provide a practical solution. Although G-1 concurred with the proposal of JA that the forum be made accessible to injured parties, irrespective of nationality, LS, in C/N 16, 9 September 1949, demurred to the plan insofar as it was available to Japanese nationals. LS was of the opinion that the arbitration of claims of Japanese nationals would conflict with the SCAP policy of nonrecognition of any liability of members of the occupation toward Japanese nationals.

3. C/S, having adopted the views of LS, directed that the proposed circular be amended in such a way as to limit its applicability to claims between American occupation personnel. Pursuant thereto a revised circular was submitted to G-1 by JA by C/N 27, 4 November 1949. In that C/N, JA expressed the opinion that, with the scope of the circular so restricted, the volume of business to be anticipated would not justify its promulgation. JA, therefore, recommended that, unless the original proposal could be adopted, no arbitration procedure be adopted and that ESS be directed to conduct a staff study with a view to reduction of liability-insurance rates.

G-1 WAB/GTM/aj

1 Incl
Ltr, CG, 8th Army, APO 343,
subj, Vehicular Responsibility, 20 Jan 50

DISPATCHED 27 JAN 50 G-1 HPAG

- G. W. H. - - - - - - - - - - - - -

From: G-1 To: LS
Lt Col Metcalf 26 6356
Date: 26 Jan 50

2 Request comment and recommendation.

1 Incl
n/c

- W. A. B. - - - - - - - - - - - - -

M/R: Ltr fm 8A states they believe there is a need in Japan for a tribunal competent to adjudicate liability for negligent motor vehicle operation by occupation personnel. IT is recommended that consideration be given to the establishment of a forum capable of fixing liability within the purview of the terms of public liability insurance policies.

25A