

894.6352/1-145--12-3146 -47-48-49



# INCOMING AIRGRAM

DEPARTMENT OF STATE DIVISION OF COMMUNICATIONS AND RECORDS TELEGRAPH BRANCH

UNRESTRICTED

1915

From: London

Dated: November 4, 1946

Rec'd: Nov. 15, 1946  
7:58 a.m.

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ACTION-ITP  
INFO:  
DC/R  
EUR  
FE  
DC/L  
OCD  
ESP

SECSTATE

WASHINGTON

A-1485, November 4, 1946

For Lipkowitz from Bugbee.

INTERNATIONAL RESOURCES DIVISION  
INTERNATIONAL RESOURCES DIVISION  
NOV 18 1946  
DEPT. OF STATE  
no reply required  
file

We have received the following letter from Mr. Robert L. Hall, Ministry of Supply, today:

"Smart of the British Embassy in Washington advised us that, based on a SCAP report of September 10, the following stocks in metric tons are available in Japan:

"Electrolytic Copper	30,000
"Scrap Copper	30,000
"Brass	42,000
"Bronze	4,000
"Other Copper Alloys	2,000

"You may like to know that we are approaching the UK Liaison Mission in Tokyo through the Foreign Office to stake a claim for a share in these tonnages."

894.6352/11-446

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Handwritten notes: BV, 11-18-46, RSC, CCR, XN

GALLMAN

HCBugbee:mel

RETYPE

DEC 12 1946

FILED

L.L.



STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

TO : JK - Mr. Whitman

DATE: December 17, 1946

FROM : JK - McCornick.

SUBJECT: Copper Stocks in Japan .

*All in hand  
if you want to  
make the  
one date stand*

*JK  
DCR*

FW 894.6352/11-446

Apparently these large stocks are actually held, the main reason being that they were taken over from Jap Army and Navy holdings.

The figures quoted in the attached cable are from SCAP cable Z-17356, 10 Sept. 1946, which adds that monthly consumption is about 2,500 tons, and that there will be a surplus in Japan until rehabilitation demands increase. However, the June Export Program lists only 5,000 tons as available, and the July 2 export Program fails to mention copper at all. This I take to be an oversight, and the September cable is in all probability authoritative.

USCC, in cable WAR 81381 23 Sept, said they could take as much copper as Tokyo could spare, ignoring the brass and bronze. They further stated they preferred electrolytic in view of short supply here. IR informs us that copper is no longer under allocation, but that unless the specifications are standard, the tonnage should be sent here for auction. Electrolytic copper's specifications are usually standard and the UK Mission could buy it out there; USCC feels that they may as well do the dickering there. The supplies are not ready for shipment yet, and if it were auctioned here a currency problem would develop. Probably it is better to await Tokyo developments.

CS/JEC

FW 894.6352/11-446

DCR - ITP Unit

*ZB  
JR  
RV*

*mcc*  
JK:WSMcCornick:cbcb  
12/17/46

*file 1/20/47*  
DIVISION OF JAPANESE AND KOREAN  
ECONOMIC AFFAIRS  
DEPARTMENT OF STATE  
JAN 17 1947

JAN 24 1947



33

In reply refer to  
JK

JAN 3 1947

Dear Arthur:

Our Embassy in London advises that the UK Liaison Mission in Tokyo is being instructed to "stake a claim" for a share of whatever copper and copper scrap is made available for export from Japan.

It is our view that in disposing of copper, a commodity no longer subject to international allocation, SCAP should be guided by the principle that his primary objective is to obtain as large a return as possible. In other words we do not favor at this time the use of any allocating formula to divide available Japanese copper among prospective purchasers and would be prepared to see the entire quantity sold in the market which would net SCAP the greatest return.

In view of the above we believe you should keep SCAP currently advised of copper prices in the U.S. in order that SCAP will know what action to take on any offers received from other countries. It is expected that the USOC will represent in Tokyo the U.S. demand for copper.

Sincerely yours,

cc: SCAP-POLAD, Tokyo  
Lt. Col. Hartman (CAD)  
Mr. Lipkowitz (IR)

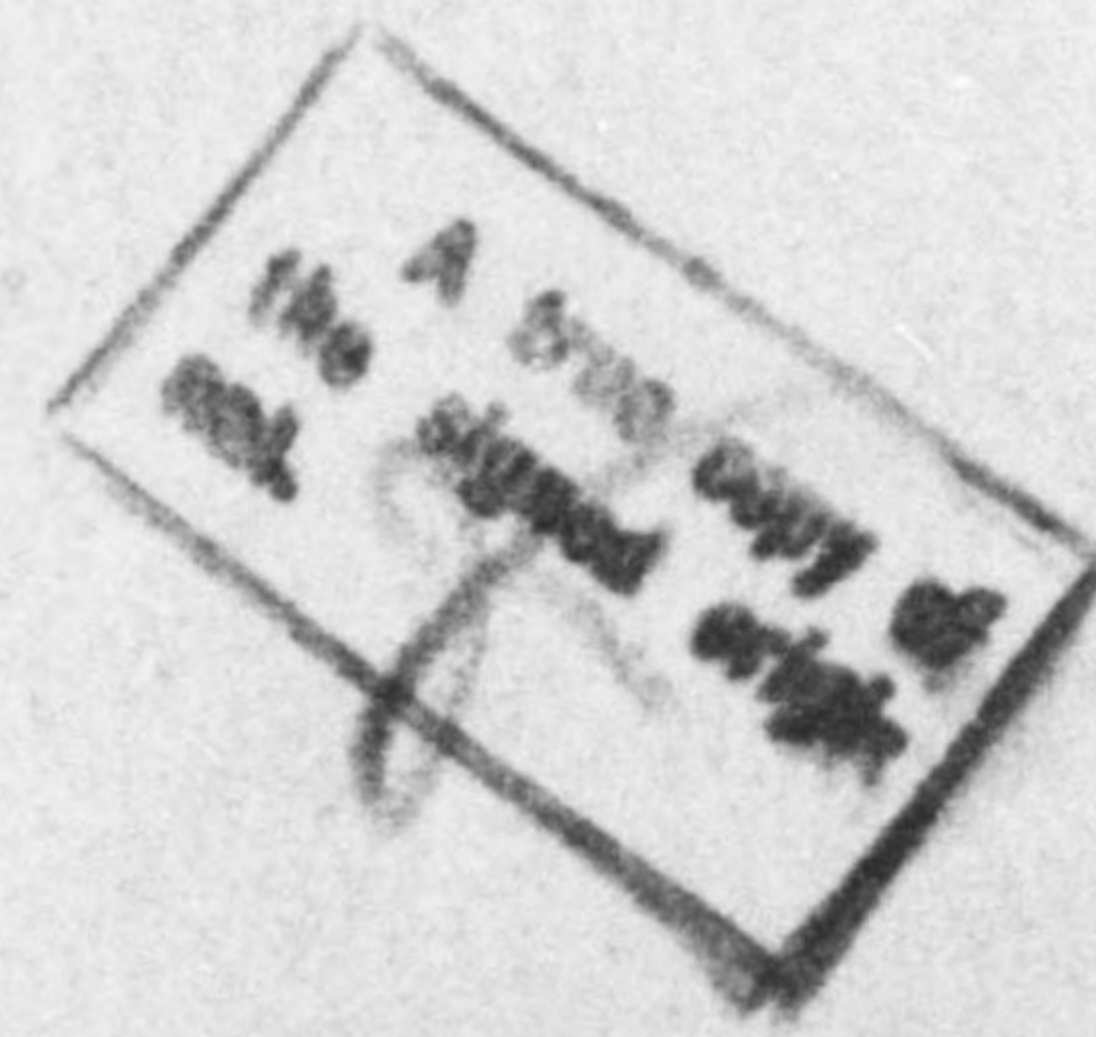
Roswell H. Whitman  
Chief  
Division of Japanese and Korean  
Economic Affairs

Mr. Arthur Gardiner,  
U. S. Commercial Company,  
Room 2087, Tempo "T" Bldg.,  
Washington 25, D.C.

JK: [Signature] ge: bcb  
12/30/46

ESP

IR  
Cleared by phone with  
Mr. Lipkowitz.



894.6352/11-446

W

OS/JE894.6352

11-446

DCB-111 Unit

31/1/47

JAN 13 1947



*Tin Japan*

*RM/R*

DEPARTMENT OF STATE

**Memorandum of Conversation**

DATE: August 8, 1947

SUBJECT: Price for Tin found in Japan Previously Looted from Malaya and the NEI

PARTICIPANTS: Marion Worthing OMD, Commerce  
Virginia Karchere IR, State

COPIES TO:

This Document Must Be Returned to  
OC/R 894.6354/8-847  
Central  
Files

CSBM

In a conversation with Marion Worthing concerning the discussions with the British and the Dutch on the price for tin found in Japan which had been looted from Malaya and the NEI, she stated that there was an understanding made between the British and the US sometime in 1946 that none of this tin should be cheap tin that is none should be sold for less than prevailing prices on tin. Since we had informally agreed to this position, Miss Worthing felt that the US should not now insist on the MOS buying price in Malaya but rather should agree to the MOS selling price as all other countries receiving tin allocations were having to pay at least if not more than this price for their tin.

The author stated that she had not been aware of this previous understanding. When the author inquired as to why the MOS buying price had been agreed upon for 1946 if such a price were contrary to some prior understanding Miss Worthing stated she felt this informal agreement should have been considered ~~then~~ in setting the 1946 price and further felt that there were even more reasons for considering it now. While in December when the 1946 price basis was agreed upon it was not certain which countries would purchase this Japanese tin, now it was obvious that the US was probably going to purchase practically all of this tin. In view of this Miss Worthing felt the US should not insist on obtaining a price which was at least £3 a ton less than that paid by any other country for their allocation. She stated that she would therefore merely like to state now her reservations to the U.S. position in this regard.

MDKarchere

*International Resources Div.*

*894.6354/8-847*





THE FOREIGN SERVICE  
OF THE  
UNITED STATES OF AMERICA

*DC-R  
File*

6 DIVISION OF  
NORTHEAST ASIAN AFFAIRS

*Tell. to London*

United States Political Adviser  
for Japan

894.6352/9-2749

*Brussels Oct 20 in reply*

DEPARTMENT OF STATE

Tokyo, September 27, 1949.

*subsequent tel from SCAP  
File CTW*

No. 676

REC'D  
OCT 3

SECRET - (FOR DEPARTMENT USE ONLY)

ACTION  
FE

INFO  
DCR  
OLI  
ITP  
EUR

Subject: Investigation of Possible Shipments of  
Japanese Copper to Satellite Areas.

The Honorable  
The Secretary of State,  
Washington.

Sir:

J  
6520

I have the honor to refer to reports contained in this Mission's weekly economic airgrams nos. 215, September 1, 1949; 226, September 8, 1949; 233, September 15, 1949, and 243, September 22, 1949, regarding the possibility that sales of Japanese copper to countries behind the Iron Curtain may have been effected by means of transshipments from London and Antwerp.

As indicated in A-243, Mr. Peter KALISCHER, local United Press correspondent, released a report on this subject; this was published on September 23, 1949, by the Nippon Times, Tokyo, under the heading "Sales of Copper Probed by SCAP / War-Potential Metal Said Sold to Iron Curtain Nations by Traders." A copy of this article is given herewith:

Gen. MacArthur's headquarters has launched an official investigation of reports that a group of American traders are secretly selling war-potential Japanese copper to countries behind the Iron Curtain.

SCAP officials told the United Press that reports from a number of sources alleged that the copper purchased in Japan ostensibly for use in Holland, Belgium and France, was transshipped to Poland and Czechoslovakia.

"We recognize the seriousness of the reports," one official said. "If true, the least that could happen to the traders involved would be to have their licenses revoked. They would be told to leave Japan."

Another

*660-9431  
894.50  
AP*

SECRET

ACTION COPY

RETURN TO DC/R FILES WITHIN 14 DAYS, WITH A NOTATION OF ACTION TAKEN.

JUL 28 1950

SECRET FILED

GC

894.6352/9-2749



Tokyo's Despatch No. 676,  
September 27, 1949.

- 2 -

Another official said that three contracts under investigation involved some 4,000 tons of electrolytic copper valued at approximately \$1,000,000.

Copper is on the list of strategic war materials whose export to Russia and satellite countries is banned by the United States.

The shipments were alleged to have been made since July 1 of this year when the first offerings of Japanese copper were made to foreign buyers.

Apparently this report was published in the United States, where the United Press called it to the Department's attention. On September 25, 1949, the Nippon Times published the following United Press report from Washington under the heading "U. S. State Dept. to Probe Nippon Copper Sale Issue":

WASHINGTON, Sept. 24--State Department officials said they intended to conduct an "intensive investigation" into charges that certain American traders, who purchased Japanese copper, have been selling it to Soviet satellite countries instead of Western European nations for which it ostensibly was destined.

The officials said they received full reports from Tokyo but could not make further comment until they looked into the matter more closely.

Publication of Mr. Kalischer's report, together with that of the brief United Press report from Washington, is reliably reported to have aroused considerable attention in highest SCAP echelons. According to Colonel Ralph J. MITCHELL, official in the Foreign Trade and Commerce Division, Economic and Scientific Section (ESS), General Headquarters, a complete and detailed report on all copper exports from Japan has been ordered to be prepared by Major General W. F. MARQUAT, Chief, ESS. Colonel Mitchell, who supervises Japan's trade with the USSR and with Communist China, stated to an officer of this Mission on September 27, 1949, that he had been directed to prepare this report and hoped to have it completed within four or five days.

It remains to be seen whether this report will be prepared within the time stated, and whether General Headquarters will then decide to refer a copy thereof to this Mission for transmittal to the Department with the request that investigations of the allegations be conducted by the Embassies at London, Brussels, and possibly also The Hague.

The Department

SECRET



Tokyo's Despatch No. 676,  
September 27, 1949.

- 3 -

1/ The Department may wish to note that this matter was first called to the attention of an officer of this Mission on August 29, 1949, when four American metal traders voiced their apprehensions over possible transshipment of Japanese copper from London and Antwerp to Iron Curtain areas. A copy of a memorandum of this conversation is enclosed. It will be noted further that a copy of this memorandum was made available on the following day to Colonel Mitchell, who stated that the allegations made by these traders were serious and that ESS should take immediate steps to investigate them "before the whole mess blows up in our faces." In the latter view, the officer of this Mission concurred; he has since discussed this subject on some eight or 10 occasions with Colonel Mitchell, who frankly indicated that he had not been able to arouse the interest of other ESS officials in the need for immediate investigation. In fairness, however, it should be stated that those officials have been preoccupied with the visits to Tokyo of Under Secretary of the Army Tracy S. VOORHEES, the Congressional Mission, and, more recently, with the problems caused by sterling devaluation.

2/ There is also enclosed a copy of a memorandum dated September 26, 1949, prepared by Colonel Mitchell for General Marquat on the subject "Shipments of Electrolytic Copper." This memorandum, a copy of which was made available by Colonel Mitchell to an officer of this Mission on a strictly personal basis, contains the basic data regarding the shipments of copper which presumably will require investigation.

What now appears most probable is that General Headquarters may, within one week, despatch an urgent telegram to the Department of the Army in this regard, possibly asking that Department to take up this matter with the Department. We feel, however, that the Department will welcome the advanced information contained in the enclosures to this despatch, and may wish to instruct the Embassies concerned to undertake investigations prior to the receipt of the telegram from General Headquarters.

This Mission will expect to report further on this subject in the near future.

Respectfully yours,

*W. J. Sebald*  
W. J. Sebald

Enclosures: *act*

1/ Copy of memorandum of Conversation dated August 30, 1949;

2/ Copy of memorandum dated September 26, 1949, subject "Shipments of Electrolytic Copper".

Parchment mat to the Department  
523.5

CHBoehringer:pf

SECRET *9/30/49*



CONFIDENTIAL

Enclosure No. 1 to Despatch No. 676 dated September 27, 1949, from the United States Political Adviser for Japan, Tokyo, on the subject "Investigation of Possible Shipments of Japanese Copper to Satellite Areas".

MEMORANDUM OF CONVERSATION

**PARTICIPANTS:** Mr. Carl D. ROSS, World Commerce Corp.,  
New York City.  
Mr. Hans A. RIES, Philipp Bros., Inc.,  
New York City.  
Mr. P. RIESS, Metal Traders, Inc.,  
New York City.  
Mr. S. A. NEWIRTH, Associated Metals &  
Minerals Corp., New York City.  
Mr. Carl H. BOEHRINGER, Economic Counselor,  
USPOLAD.

**SUBJECT:** Possible Shipments of Japanese Copper to  
Satellite Areas.

**DATE:** August 30, 1949.

**PLACE:** Office of the United States Political Adviser,  
GHQ, SCAP.

Mr. Ross called by appointment made August 29 accompanied by those indicated above. In making the appointment, Mr. Ross said he wished to discuss a subject which he thought was of considerable importance to Americans generally and to the State Department particularly. He said he wished to call upon me in the company of a number of his competitors in the minerals and metals trade, this, he said, being an indication as to the seriousness of the subject to be discussed.

Upon arrival at my office on August 29, Mr. Ross stated that he and his associates wished to discuss recent shipments of electrolytic copper to Europe, which copper he said had been purchased at prices above world market prices for even better grades of copper, and their suspicions that some of the copper bought in Japan for export to London and Antwerp had been transshipped to countries behind the Iron Curtain.

Mr. Ross stated that Japan, with ESS approval, was now offering for export 5,500 metric tons of copper, with tenders scheduled to be received on or before August 29, 1949, but with validations to be made later. He referred to two lots of copper which had been put up for sale, and largely shipped, in June and July, 1949, in the aggregate of 10,000 metric tons. He said that he and his associates present had placed bids on that copper but that it had been sold at prices one to one and one-half cents higher than they were prepared to pay on the basis of world market prices. Mr. Ross went on to say that he and his associates were "almost positive" that much of the

copper

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Enclosure No. 1  
to Tokyo's Despatch No. 676,  
September 27, 1949.

- 2 -

copper sold at that time destined for London and Antwerp had been transshipped to Eastern Europe, this supposition, Mr. Ross added, being based largely on a knowledge of world copper market prices.

Mr. Ries stated at this point that he had been so concerned about the possible movement of copper from Japan to the satellite countries that he had telephoned his New York head office on August 29 asking whether the State Department had altered its regulations prohibiting the export of copper from the United States to countries behind the Iron Curtain. Mr. Ries said he was informed that the State Department was still not permitting such exportation.

Mr. Newirth stated that the finest American copper could not compete with the prices being paid for lower-grade Japanese copper by those presumably interested in transshipping that copper from certain European ports to Iron Curtain areas. One of the metal traders then said that GHQ, SCAP apparently was closing its eyes to shipments of copper to Iron Curtain countries; that all contracts were supposed to designate final destinations; and that the question of violating "sworn statements" in that connection was being raised.

The discussion brought out the following: of 3,000 metric tons of copper shipped during June and July from Japan to London, the entire amount was believed to have been transshipped from London to Poland. In this connection, Mr. Ross exhibited the following report circulated locally as a Reuter's despatch from London dated August 8, 1949:

"Metal circles here report that a British firm has bought about 3,000 tons of Japanese copper for shipment to the United Kingdom. The metal, the bulk of which is in cathode form, is believed to have been purchased on the basis of 15 cents per pound free on board Japanese ports. In view of the fact that private imports into the United Kingdom have not yet been permitted, trade circles here believe that on arrival here, it will be transshipped to Europe, possibly to Poland."

It was then stated that of some 7,000 metric tons of copper shipped in June and July from Japan to Antwerp about 5,000 tons was believed to have been shipped to countries behind the Iron Curtain, especially to Poland and Hungary but possibly in smaller amounts to Rumania and Czechoslovakia.

Upon being questioned as to what firms or individuals might be making these shipments, my callers stated that most shipments had been made by the Felix Kramarsky Corporation, New York City, represented here by Mr. Bruce AITCHISON, an American lawyer. The second company, shipping mainly to London while the former firm shipped mainly to Antwerp, was Mr. S. L. Barnett, a name which they considered was a dummy name of an individual supposedly living in London or in the United States. They said that the said "Barnett" was connected with several firms in the United States, including the Hugo

Neu

CONFIDENTIAL



Enclosure No. 1  
to Tokyo's Despatch No. 576,  
September 27, 1949.

- 3 -

Neu Corporation, New York City; the Western Steel and Metals Corporation, San Francisco; and the Far East Metals Corporation, also of San Francisco.

My informants stated that, as American citizens, they were primarily concerned over possible transshipments of Japanese copper to Iron Curtain countries; however, as businessmen, they were interested in knowing whether such transshipments were actually allowed by General Headquarters, and if so, they desired to participate in that business. They raised the question that if copper was being permitted exportation to countries from which it would be transshipped to Iron Curtain areas, there might be a distinct possibility that shipments of other metals might also be made from Japan, specific reference being made to aluminum and lead.

In closing, my informants stated that their suspicions regarding the possible exportation of copper to satellite countries had been aroused by statements made to them by Japanese copper refiners who assertedly had told them that, in their opinion, it was strange that their former American customers had not been buying copper from Japan and that some new buyers had entered the market presumably for the purpose of over-bidding on price for the avowed purpose of buying copper for the account of certain satellite countries.

Carl H. Boehringer

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Enclosure No. 2 to Despatch No. 676 dated September 27, 1949, from the United States Political Adviser for Japan, Tokyo, on the subject "Investigation of Possible Shipments of Japanese Copper to Satellite Areas".

SECRET

(FOR DEPARTMENT USE ONLY)

(COPY)

ECONOMIC AND SCIENTIFIC SECTION  
Foreign Trade and Commerce Division

26 September 1949

MEMORANDUM FOR: Chief, Economic and Scientific Section

SUBJECT: Shipments of Electrolytic Copper

1. During the latter part of June 1949 the Foreign Trade and Commerce Division of the Economic and Scientific Section released for sale and export from Japan 10.102 metric tons of electrolytic copper in cathodes and bars.

2. Copper being a strategic metal and subject to certain restrictions as to shipping destinations all contracts executed in connection with these transactions carried specific clauses as to destination and final consumption. These contracts were signed by the Tokyo representatives of the purchasing trading firms.

3. Certain allegations have been made by competing traders and information has been presented that raises the question as to whether the terms of these contracts were lived up to or not. It has been further alleged that some of this copper has been re-shipped to USSR satellite countries in Eastern Europe.

4. In the 9 August 1949 issue of REUTERS Economic Service under an 8 August London date line the following statement appeared:

"Metal firms here report that a British firm has bought about 3,000 tons of Japanese copper for shipment to the United Kingdom. The metal, the bulk of which is in cathode form, is believed to have been purchased on the basis of 15 cents per pound free on board Japanese ports. In view of the fact that private imports into the United Kingdom have not been permitted, trade circles here believe that on arrival here it will be transhipped to Europe, possibly to Poland."

5. Immediately following the publication of the foregoing certain of the Tokyo representatives of trading firms made an appointment with the Division of Economic Liaison of the Diplomatic Section

to discuss

SECRET



Enclosure No. 2  
to Tokyo's Despatch No. 676,  
September 27, 1949.

- 2 -

to discuss the matter of their suspicions of the possible shipment of Japanese copper to USSR satellite areas. Their approach was that as American citizens, they were primarily concerned over possible transshipments of Japanese copper to Iron Curtain countries; however, as businessmen, they were interested in knowing whether such transshipments were actually allowed by the Headquarters and, if so, they desired to participate in that business.

6. Subsequently, information was received from the Tokyo representative of the World Commerce Corporation of New York which specifically stated that 3,000 tons of Japanese copper had arrived at Antwerp on the SS MEERKERK which had been unloaded and reshipped on Rhine barges to Aschaffenberg, Germany, where it would be transhipped into smaller river vessels and shipped via the Danube to Czechoslovakia. Other information has been received relative to this copper but to date is too vague to be properly evaluated.

7. Of this 10,102 metric tons of copper 9,550 tons went to four firms. The other amounts are small. These main firms, exact shipment terms of contracts and tonnage handled are listed as follows:

- a. Metal Traders Inc., 67 Wall St., New York. 1200 MT Electrolytic copper wire bars, shipment to "Antwerp or Rotterdam for final consumption in France, Belgium or Netherlands."
- b. Felix Kramarsky, 39 Broadway, New York. 3500 MT cathode and 1510 MT bar copper, total: 5010 MT. Shipment to "Antwerp or Rotterdam for final consumption in France, Belgium or Netherlands."
- c. Associated Metals & Minerals Corp., 75 Wall St., New York. 190 MT cathode electrolytic copper. Shipment to "Antwerp for final consumption in ECA countries."
- d. S. J. Barnett Co., Ltd., Derbyshire House, Belgrave St., London, England. 3150 MT cathode electrolytic copper. Shipment to "London, England for final consumption in England."

8. Copper and all copper products are on the 1B list as published by the Munitions Board and therefore subject to quantitative control or prohibition as regards shipment to the USSR or satellite countries.

9. Colonel Mitchell is developing detailed information on all copper exports. This report will be submitted to you this week.

F. N. Pickelle  
Chief  
Foreign Trade &  
Commerce Division

SECRET



FORM DS-322  
7-1-48

OUTGOING TELEGRAM

DC/R #13

INDICATE

Collect

Charge Department

Charge to

Department of State

1 P.M.

~~SECRET~~  
CLASSIFICATION

CONTROL

4865

AMEMBASSY,

LONDON.

3771

OCT 20 1949

FOR DC/T USE ONLY

894.6352/9-2749

FOL communication RECD from SCAP:

QTE Subject is copper shipments from Japan.

QTE Part 1. During June 1949 there was released for export from Japan in cathode and bar form 10,000 metric tons of electrolytic copper after clearance with Washington to determine whether there was interest there for stockpile purposed and if not whether there was objection to export to ECA countries. There being no interest for stockpile and no objection to sale to ECA countries this copper was offered for sale. The contracts covering the sale contained restrictive clauses limiting points to which shipped and confined final consumption to ECA countries.

894.6352/9-2749

QTE Part 2. Examination of all documents connected with these shipments indicates that this copper was outshipped from Japan entirely in accord with the contracts. However, disquieting rumors have been received to the effect that certain of this copper upon arrival at the specified destinations was reshipped to USSR satellite countries in Eastern Europe, namely, from London to Poland and from Antwerp through Western Germany to Czechoslovakia. The London to Poland report appeared in Reuters Economic Service and that relative to the Antwerp to Czechoslovakia report from competing traders. As it is impossible

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894.6352/9-2749

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~~SECRET~~  
CLASSIFICATION

to

By

TC/cy

NARS, Date

8-10-78

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FORM DS-322  
7-1-48

## OUTGOING TELEGRAM

INDICATE

Collect

Charge Department

Charge to

## Department of State

~~SECRET~~

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-2-

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to ascertain here exactly where this copper may have gone for final consumption if, in fact the contracts were violated it is requested that the pertinent data herein be referred to the State Department for investigation through commercial attaches at London and Brussels and a report of the results thereof made to SCAP in order that if proof is adduced of contract violation by trading firms involved appropriate action may be taken.

QTE Part 3. The following are the items on which investigation is requested. They cover 9550 tons of the 10,000 tons shipped. The balance are small shipments to less questionable destinations. It will be noted that these shipments all went to London and Antwerp. Buyer home office, destination, tonnage and party to be notified at destination are listed.

QTE A. Metal Traders Incorporated, 67 Wall Street, New York 1200 tons, shipment to Antwerp, notify Govers and Cols, 6 Rue Reynders, Antwerp.

QTE B. Felix Kramarsky, 39 Broadway, New York, 5010 tons, shipment to Antwerp, notify Belgian Bluefries Limited, 25 Canalviens, Leon, Antwerp. We have received information that Kramarskys copper was resold to Joseph Bass, 13 Avenue Marnix, Brussels.

QTE C. SJ Bennett Limited, Derbyshire House, Belgrave Street, London, England, 3150 tons shipment to London, 75 West Street, New York, 190 tons shipment to Antwerp, notify Societe Maritime Anversoise Somers, Antwerp, on delivery to Societe Maritime Anversoise Somers, Antwerp, copies before delivery to Telegraph Branch.

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FORM DS-322  
7-1-48

INDICATE

Collect

Charge Department

Charge to

OUTGOING TELEGRAM

Department of State

~~SECRET~~  
CLASSIFICATION

-3-

FOR DC/T USE ONLY

Societe Anonyme, Antwerp. UNQTE.

Pls investigate and report as requested by SCAP. DEPT has requested SCAP TELE you directly names and destinations of ships carrying copper, date sailing, names intermediate consignees, and source and method of payment.

ACHESON.

*(Handwritten signature)*

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FE:NA:CTWhite:hb.  
10-14-49.

*cleared in substance with  
major Bridgell  
in army  
CTW*

Cleared in substance  
with Commerce.

*CTW*

*WE  
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Cleared and handled  
SECRET MHW*

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WBJ*

OCT 20 1949

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FORM DS-322  
7-18-46

OUTGOING TELEGRAM

CLASSIFICATION

INDICATE

Collect

Charge Department **X**

**Department of State**  
Washington

~~SECRET~~

Charge to

CONTROL

4859

AMEMBASSY,

OCT 20 1949

BRUSSELS.

1222

*894.6352/9-2749*

FOL communication RECD from SCAP:

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894.6352/9-2749

*SECRET FILE 894.6352/9-2749*

CS/H

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By *TC/CY* NARS, Date *8-10-78*



FORM DS-322  
7-18-46

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Collect

Charge Department

Charge to

## OUTGOING TELEGRAM

CLASSIFICATION

**Department of State**  
Washington

~~SECRET~~~~SECRET~~

-2-

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QTE Part 3. The following are the items on which investigation is requested. They cover 9550 tons of the 10,000 tons shipped. The balance are small shipments to less questionable destinations. It will be noted that these shipments all went to London and Antwerp. Buyer home office, destination, tonnage and party to be notified at destination are listed.

QTE A. Metal Traders Incorporated, 67 Wall Street, New York 1200 tons, shipment to Antwerp, notify Govers and Cols, 6 Rue Reynders, Antwerp.

QTE B. Felix Kramarsky, 39 Broadway, New York, 5010 tons, shipment to Antwerp, notify Belgian Bluefries Limited, 25 Canalvieux, Leon, Antwerp. We have received information that Kramarskys copper was resold to Joseph Bass, 13 Avenue Marnix, Brussels.

QTE C. SJ Bennett Limited, Derbyshire House, Belgrave Street, London, England, 3150 tons shipment to London, 75 West Street, New York, 190 tons shipment to Antwerp, notify Societe Maritime Anversoise Somers,

Societe

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FORM DS-322  
7-18-48

OUTGOING TELEGRAM

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Charge to

Department of State  
Washington

~~SECRET~~

-3-

Societe Anonyme, Antwerp. UNQTE.

Pls Investigate and report as requested by SCAP. DEPT has requested SCAP tele you directly names and destinations of ships carrying copper, date sailing, names intermediate consignees, and source and method of payment.

Controlled American source can be of assistance.

ACHESON.

*(gma)*

DISTRIBUTION  
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(OFFICES ONLY)

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subatom as with  
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in army  
CTW*

*cleared in substance  
with Commerce.*

*CTW*

*WJH*  
*CTW*  
FE:NA:CTWhite:hb.  
10-14-49.

*IR* *RJA* *BC* *EUR* *WE* *FCA*  
*RMW* *IAD* *WBJ* *HJA* *gma* *clear*  
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*RMW*

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*OR*  
OCT 20 1949

~~SECRET~~





2

THE FOREIGN SERVICE  
OF THE  
UNITED STATES OF AMERICA

*Delm: CTW*

*2-FF*

*DC/R  
file*

Office of the U. S. Political Adviser  
for Japan

894.6352/9-3049

DIVISION OF  
NORTHEAST ASIAN AFFAIRS

Tokyo, September 30, 1949.

*File CTW*  
OCT 11 1949

DEPARTMENT OF STATE

No. 682

REC'D  
OCT 6

SECRET - (FOR DEPARTMENT USE ONLY)

ACTION  
FE

Subject: Status of Investigation of Possible Shipments  
of Japanese Copper to Iron Curtain Countries.

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6566

The Acting Political Adviser has the honor to refer to this Mission's despatch no. 676 dated September 27, 1949, entitled "Investigation of Possible Shipments of Japanese Copper to Satellite Areas," and to report on the present status of the investigations in this regard, currently being conducted by the Economic and Scientific Section (ESS), General Headquarters, SCAP.

The Economic Counselor on September 30, 1949, called upon Colonel Ralph J. MITCHELL, official in the ESS Foreign Trade and Commerce Division under instructions to conduct the investigation and to prepare a detailed report on all copper exported from Japan during 1949, in order to ascertain the present status of the investigation in question.

Colonel Mitchell stated that his report had been "practically completed" but that it was being held up owing to an unexpected development. He said that Mr. Bruce AITCHISON, American lawyer in Tokyo who acts as representative for the Felix Kramarsky Corporation, New York City, the firm mentioned in the despatch under reference as having shipped 5,010 metric tons of Japanese copper to "Antwerp or Rotterdam for final consumption in France, Belgium or Netherlands," had, within the past week, flown to New York in order to confer with the Felix Kramarsky Corporation. Colonel Mitchell said that Mr. Aitchison, upon his return, had called on him on September 29 and 30; that Mr. Aitchison apparently was gravely concerned over the possible transshipments of Japanese copper to satellite countries; that he had stated in positive terms that he had received assurances from the Felix Kramarsky Corporation that the latter had no knowledge of any such transshipments; and that he (Mr. Aitchison) on September 30 had presented a letter elaborating upon the foregoing statements.

Colonel Mitchell

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FILED  
OCT 2 - 1949

FAP  
SECRET FILE

ACTION COPY

RETURN TO DC/R FILES WITHIN 14 DAYS, WITH A NOTATION OF ACTION TAKEN.



Tokyo's Despatch No. 682,  
September 30, 1949.

- 2 -

Colonel Mitchell, who was appointed a few days ago to be chief of a special SCAP trade mission to Korea and who plans to leave Tokyo within four or five days, said he wished to have further conversations with Mr. Aitchison before completing his report. For the Department's information, it may be noted that the shipments made by Mr. Aitchison's clients, namely the Felix Kramarsky Corporation, are under special investigation, together with those made by the S. J. Barnett Co., Ltd.

Some remarks regarding Mr. Aitchison are contained in item (3) of this Mission's A-249, September 29, 1949. Mr. Aitchison is an influential member of the American Chamber of Commerce in Japan, in which he has been chairman of a special committee on arbitration; the successful work of this committee, due almost entirely to Mr. Aitchison's efforts, will presumably soon result in the establishment of a Japan-United States Arbitration Committee, a despatch on which development is now under preparation by this Mission. Mr. Aitchison was a candidate for president of the Chamber, but was defeated at the annual general meeting held on September 13, 1949. However, he was subsequently appointed chairman of a special committee on taxation, and has given every indication of being willing to devote a great deal of attention to Japan's taxation problems, particularly as related to foreigners, which have come to increased public attention following release a few weeks ago of the Report on Japanese Taxation by the Shoup Mission.

In his conversation on September 30 with Colonel Mitchell, the Economic Counselor expressed the opinion that, in his opinion, it was inconceivable that Mr. Aitchison would knowingly have acted as the representative of the Felix Kramarsky Corporation if he had any question whatever as to eventual disposition of the copper purchased in Japan ostensibly for use in France, Belgium and the Netherlands. Colonel Mitchell replied to the effect that he would have to withhold comment until he had completed his investigation.

Colonel Mitchell concluded his remarks by stating that he had again expressed his viewpoint, presumably to Mr. Frank E. PICKELLE, Chief, ESS Foreign Trade and Commerce Division, that, upon completion of the investigation, the report resulting therefrom should be referred to this Mission with the request to refer it to the Department for transmittal to the Embassies at London, Brussels and The Hague. The Economic Counselor received the impression that Colonel Mitchell may have encountered a difference in viewpoint in this regard.

Parchment mat to the Department

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CHBoehringer:pf

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FORM DS-322  
7-1-48

OUTGOING TELEGRAM

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Collect

Charge Department X

Charge to

Department of State

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CLASSIFICATION

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DEC 28 1949

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AMEMBASSY,

BRUSSELS.

1508

Data promised Deptel 1222, Oct 20, transmitted Brussels

Deptel 1357, Nov 18 (UR A-1067, Dec 8).

*X R*  
*655.949*

*894.6352/A-27-49*  
*FE NA Z R*  
*7c*

*re copper shipments  
from Japan*

*Acheson*  
*(EWD)*

ACHESON

894.6352/10-2049

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12-22-49

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*[Signature]*

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*894.6352/10-2049*

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DIVISION OF COMMUNICATIONS AND RECORDS TELEGRAPH BRANCH

DEPARTMENT OF STATE INCOMING TELEGRAM

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GFW

ACTION COPY

OCT 21 1949  
DEPARTMENT OF STATE

DIVISION OF SECRET

NORTHEAST ASIAN AFFAIRS

Control 8379

OCT 21 1949

Rec'd October 21, 1949  
10:45 a.m.

DEPARTMENT OF STATE

file DC/R

.4

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FROM : Brussels  
TO : Secretary of State  
NO : 1409, October 21, 1 p.m.

REDEPTEL 1222 October 20, copper shipments from Japan.

Embassy and Consulate General Antwerp will commence investigation immediately receipt promised data from SCAP. Names and destinations of ships, sailing dates, intermediate consignees necessary identify shipments. For related material concerning Felix Kraharisky see EMBTEL 1404 October 20.

Pouched London.

XR  
655.949  
660.9431

JMK:KC

MILLARD

Action Assigned to NA  
Action Taken none required

Date of Action \_\_\_\_\_

Action Office Symbol NA

Name of Officer Consulate

Direction to DC/R File

894.6352/10-2149

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THE FOREIGN SERVICE  
OF THE  
UNITED STATES OF AMERICA

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DIVISION OF  
NORTHEAST ASIAN AFFAIRS

Office of the U. S. Political Adviser  
for Japan

894.6352/11-749

Tokyo, November 7, 1949

*ms action required*  
No. 772 *File CTW*  
NOV 21 1949  
DEPARTMENT OF STATE

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NOV 16

SECRET - (FOR DEPARTMENT USE ONLY)

ACTION  
FE

INFO  
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ITP  
EUR

Subject: Supplementary Information Regarding Shipment  
of Japanese Copper to European Countries.

The Honorable  
The Secretary of State,  
Washington.

J  
6880

Sir:

I have the honor to refer to this Mission's despatches nos. 676 dated September 27, 1949, entitled "Investigation of Possible Shipments of Japanese Copper to Satellite Areas," and 682 dated September 30, 1949, on the subject of "Status of Investigation of Possible Shipments of Japanese Copper to Iron Curtain Countries."

There is now enclosed a copy of a memorandum of a conversation on November 3, 1949, between the Economic Counselor and Messrs. Hans A. RIESS and Ernest J. SIMON, both of Philipp Bros., Inc., New York City, reporting statements made by Mr. Simon with respect to contracts signed by him, upon instruction of the Western Steel and Metals Corporation, San Francisco, for shipment of Japanese copper to S. J. Barnett Co., Ltd., London, reference to which shipments were made in the above cited despatches.

It will be noted that Mr. Simon states he had serious misgivings regarding these contracts; that he was not able to receive satisfactory replies in response to his questions regarding the ultimate destination of the Japanese copper, either from Western Steel and Metals Corporation or from the S. J. Barnett Company; and that, for these and other reasons stated by him, he decided to sever his connection not only with the San Francisco firm but also with the Hugo Neu Corporation, New York City, said by him to have close working arrangements with the Western Steel and Metals Corporation.

While it will be appreciated that the statements made by Mr. Simon are still in the nature of allegations, involving unconfirmed suspicions over the operations of the two American firms in question, it is believed that they may serve to assist the Department and the Embassies at London and Brussels in their efforts to conduct an investigation of the transactions under which Japanese copper may have been transhipped from Western European countries to satellite areas.

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RETURN TO DC/R FILES WITHIN 14 DAYS, WITH A NOTATION OF ACTION TAKEN.

894.6352/11-749

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DEC 2 1949




Tokyo's Despatch No. 772,  
November 7, 1949.

- 2 -

In closing, it may be added that a copy of the enclosed memorandum is being made available to Colonel Ralph J. MITCHELL, officer in the Foreign Trade and Commerce Division, Economic and Scientific Section, General Headquarters, who has investigated these contracts here. Colonel Mitchell on November 5 stated to the Economic Counselor that the detailed information regarding the contracts, requested by the Department in a recent telegram, had been compiled and would be telegraphed to Washington within a few days. Separate telegrams are being sent for reference to the Embassies at London and Brussels, respectively.

Respectfully yours,

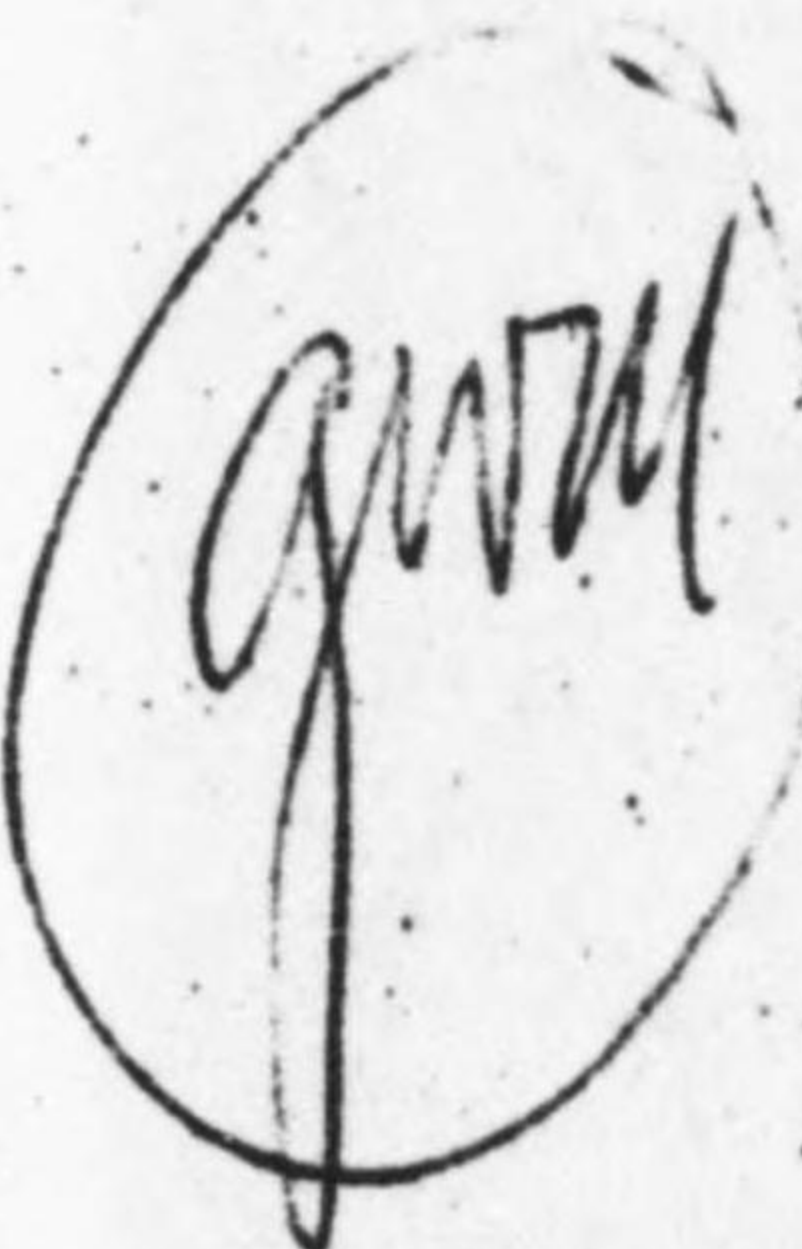
  
W. J. Sebald

Enclosure: *att.*

✓ Copy of memorandum of conversation on November 3, 1949, on subject "Information Regarding Companies Which Bought Japanese Copper for Shipment to England."

Copy to: American Embassy, London.

Parchment Mat to the Department.

  
523.5  
CHBoehringer:lee

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Enclosure to Despatch No. 772, November 7, 1949, from the Office of the U. S. Political Adviser for Japan, Tokyo, on the subject "Supplementary Information Regarding Shipment of Japanese Copper to European Countries."

CONFIDENTIAL

MEMORANDUM OF CONVERSATION

**PARTICIPANTS:** Mr. Hans A. RIESS, representative of Philipp Bros., Inc., New York City.  
Mr. Ernest J. SIMON, of same firm.  
Mr. Carl H. BOEHRINGER, Economic Counselor, USPOLAD, Tokyo.

**SUBJECT:** Information Regarding Companies Which Bought Japanese Copper for Shipment to England.

**DATE:** November 3, 1949.

**PLACE:** Office of the United States Political Adviser, GHQ, SCAP.

Mr. Riess called by appointment made on November 1, 1949, for the purpose of introducing Mr. Simon, who, Mr. Riess stated, wished to pass on certain information regarding several of the companies which bought Japanese copper several months ago for shipment to Europe.

Mr. Simon stated that until September 1949, when he had joined the firm of Philipp Bros., Inc., he had represented the Western Steel and Metals Corporation, San Francisco, and also the Hugo Neu Corporation, New York City. He said that he had been hired by Mr. Neu in New York City for the express purpose of representing Mr. Neu and a Mr. Popper, head of Western Steel and Metals Corporation, for the purchase in Japan of steel scrap; Mr. Simon added that, at that time he had not known much of Mr. Neu and had never met Mr. Popper. He said further that Mr. Neu had visited Japan in May and June, 1949, for the purpose of developing business, but that full details of Mr. Neu's operations were not known to him. Mr. Simon expressed the view that Messrs. Neu and Popper operated jointly in regard to the steel scrap business but confessed that he did not have the facts regarding any other working agreements which they might have had.

Mr. Simon went on to say that Mr. Neu, on the occasion of his visit to Japan, had been "very anxious" to buy Japanese copper.

(In response to my question, Mr. Simon stated that he considered Mr. Neu to be an "extremely shrewd business man;" Mr. Simon declined to voice an opinion as to whether Mr. Neu was an American citizen. Mr. Riess interjected a statement to the effect that Mr. Neu was regarded in American metal trading circles as a "very shrewd and speculative operator".)

Mr. Simon continued by stating that Mr. Neu would "most likely not violate the law in an obvious manner," but that the attitudes of Mr. Neu and Mr. Popper in the matter of the copper contracts had caused him to believe that Messrs. Neu and Popper had acted solely

as

CONFIDENTIAL



Enclosure to  
Tokyo's Despatch No. 772,  
November 7, 1949.

- 2 -

as intermediaries for the S. J. Barnett Company for the express purpose of facilitating the connection between him (i.e., Mr. Simon) and Barnett. Mr. Simon said flatly that he considered these operations by Messrs. Neu and Popper "an attempt to frame me."

Mr. Simon said further that, acting upon instructions from Mr. Popper, he had, during the period June to the end of August 1949, signed the contracts providing for shipment of Japanese cathode copper in the aggregate of 3,150 metric tons to the S. J. Barnett Company, London. However, Mr. Simon added, he had even then had misgivings over this business because a Mr. Julius LOWENSTEIN (spelling not certain), said to be a director of S. J. Barnett Company, had previously been connected, together with Mr. Neu, with the Associated Metals and Minerals Co., Inc., New York, and hence it appeared "obvious" to him that these two men had close working arrangements.

Following release here of the Reuter's despatch from London (cited in the memorandum of conversation dated August 30, 1949, a copy of which was enclosed with this Mission's despatch no. 676 of September 27, 1949, entitled "Investigation of Possible Shipments of Japanese Copper to Satellite Areas"), Mr. Simon stated that he wrote immediately to Mr. Popper asking for an explanation of the allegations made therein. He said that he also telephoned to Mr. Popper but failed to receive a satisfactory reply, Mr. Popper assertedly stating that the S. J. Barnett Company would supply the desired information and saying in effect that "since the letter of credit had been passed by the Bank of England there was no reason to question the matter." Mr. Simon added that he had never heard anything from the Barnett Company in this regard.

Mr. Simon thereupon exhibited several documents which he considered pertinent in this case. The first of these was a copy of an agreement of preliminary contract dated June 17, 1949, made by him with a Japanese supplier providing for purchase by him for the Barnett Company of between 500 and 1,000 metric tons of cathode copper. For purpose of record, the important features of this agreement are given herewith:

AGREEMENT OF PRELIMINARY CONTRACT ON COPPER CATHODES

The undersigned buyer hereby agrees to purchase from the undersigned manufacturer through undersigned seller, the following described merchandise, in the quantities, at the price, and upon the terms and conditions hereinafter set forth:

Merchandise:	Electrolytic Copper Cathodes.
Quality:	Purity; Cu 99.94% up.
Quantity:	500 metric tons. - 1,000 metric tons.
Price:	15.00¢ - 15.25¢ per pound F.O.B. Japan Port.

Time

CONFIDENTIAL



Enclosure to  
Tokyo's Despatch No. 772,  
November 7, 1949.

- 3 -

Time of Shipment: Within three weeks after Letter of Credit be opened.

Payment: Letter of Credit to be opened within about thirtysix (36) hours after contract.

Destination: ECA country, Europe.

Remarks: This contract shall finally be effective subject to SCAP's approval, immediately.

Mr. Simon also exhibited copies of telegrams assertedly exchanged by him with Mr. Popper, the full texts of which telegrams follow:

1. Copy of telegram sent on June 17, 1949, by Mr. Simon to Mr. Popper:

"POPPER SANFRANCISCO

751 Signed for Barnett informal preliminary agreements Nippon Seika each 500/1000 at 15 to 1525 shipment 3-4 weeks after credit, destination ECA country Europe, please advise text for stipulation JXP contract page two requiring declaration of both country destination and final consumption.

752 Reauthorize 1525 although hopeful 15125 or 1500, exporters agree pound clause destination consumption London"

2. Copy of telegram dated June 18, 1949, received by Mr. Simon from Mr. Popper, San Francisco:

310/751 Cannot understand your stating destination ECA-country Europe while should be England. Change immediately agreement to "destination England" JXP contract page two both destination and consumption England. Cannot understand Industry Division refusing excellent sale 15.00 or 15.25 other cathodes sold 15.90 when New York quotation 17.625 today 1.625 lower consequently price should be considerably below 15.00 and Barnett only able pay such high price due old option and if contract not immediately concluded option will expire further additional drop copper almost certain therefore can be expected next cathodes Japan selling below 14.00"

(With respect to these two telegrams, it may be noted that the first is quoted from a typewritten copy thereof while the second was copied from the regular Japanese Government incoming telegram form, with authenticity thereof presumably beyond question. The Industry Division mentioned in Mr. Popper's telegram refers to a division in the Economic and Scientific Section, GHQ, SCAP.)

At

CONFIDENTIAL



Enclosure to  
Tokyo's Despatch No. 772,  
November 7, 1949.

- 4 -

At the close of the conversation, Mr. Simon said that he had called, at the suggestion of Mr. Riess, for the primary purpose of giving information which he thought might be useful in connection with the investigation he understood was now being made of the copper shipments to the S. J. Barnett Company. He also said that he wished to have on record a statement of his connection with those shipments, emphasizing that, because he had serious doubts as to the eventual destination of those shipments, he had decided to sever his connections with Messrs. Neu and Popper.

/s/ Carl H. Boehringer

CARL H. BOEHRINGER

CONFIDENTIAL



FORM DS-322  
7-1-48

OUTGOING TELEGRAM

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Charge to

Department of State

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NOV 18 1949

894.6352/9-2749

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AMEMBASSY

BRUSSELS

1357

substance

FOL/communication RECD from SCAP (Deptel 1222, Oct 20)

QTE Subject is copper shipments from Japan

QTE Part 1. Metal Traders Inc., New York, shipped via SS Amsteldyk, departed Yokohama 30 July 1949 for Antwerp, intermediate consignee Metal Traders Inc., New York, ultimate consignee Messrs Govers and Cols, 6 Rue Reynders, Antwerp, payment in dollar <sup>LTR</sup>letter of credit through Chase National, New York.

QTE Part 2. Felix Kramarsky Corp, New York, shipped all Yokohama to Antwerp via SS Meerkerk, departed 2 July 1949, SS Amsteldyk, 30 July 1949, SS Surat, 30 July 1949, and SS Trein Maersk, 3 Aug 1949, intermediate consignee Felix Karmarsky Corp, New York, ultimate consignee, Belgian Bluefries <sup>LTD</sup>Limited, 25 Canalvieux, Antwerp, payment by dollar <sup>LTR</sup>letter of credit through National Bronx Bank and Grace National Bank, New York.

QTE Part 3. Associated Metals and Minerals Corp, New York departed shipped Kobe to Antwerp via SS City of Liverpool ~~ARR~~ 8 Aug 1949

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By T6/cy NARS, Date 8.10.78

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894.6352/11-849  
CS/H



FORM DS-322  
7-1-48

OUTGOING TELEGRAM

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Charge Department

Charge to

Department of State

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CLASSIFICATION

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FOR DC/T USE ONLY

1949, intermediate consignee Associated Metals and Minerals Corp, New York, ultimate consignee Societe Maritime Anversoise Somere Societe Anonyme, Antwerp, payment in dollar letter of credit through Chase <sup>NATL</sup>~~National~~ Bank, New York. UNQTE

*A. Cheson*

ACHESON

*(EWD)*

1949 NOV 18 PM 6 04

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STANDARD FORM NO. 64

*file*

*DC/R*

Office Memorandum • UNITED STATES GOVERNMENT

SECRET

TO : ~~EE - Mr. Truesdell~~  
EE - Mr. Reinhardt

DATE: November 14, 1949

FROM : EE - Mr. Posniak *ESP*

SUBJECT: Army Telegram from SCAP Tokyo, C 52938, 8 October

*894. 6352 / 10-2049*

I have discussed the attached cable with Mr. Wright, ER, and Mr. White, FE (NA). I am informed by the latter that the telegram was repeated to our Embassies in London and Brussels with a request to investigate the matter and to report to the Department.

Mr. White has discussed the copper shipments with the export control people in the Commerce Department, who have suggested that we ask SCAP for some further information on the shipments. This has been done, and SCAP has been requested to forward this information to London and Brussels.

I understand from Mr. White that the firms and individuals mentioned on page 2 of the telegram are known to the Commerce Department and are already on a "watch list", some of them having previously been engaged in suspicious transactions.

Since the matter of re-exports of strategic materials by ECA countries which may be in violation of Section 117(d) of the Economic Cooperation Act is of interest to the ECA as well as to the Department, I understand that the investigations in London and Brussels are being undertaken in cooperation with the ECA Missions.

894.6352/11-1449

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JAN 26 1950

**FILED**

*894.6352/11-1449*

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~~GGP~~

GT-1

Wm you see  
if he has  
done anything?

FR



~~GGP~~

GT-1

UM you see  
if FE has  
done anything?

FR

FR

GT-1

How is a  
thing like this  
handled?

FR

FE/NA boys should  
get in touch with WE  
and army + make inquiries  
in London + Antwerp  
GET



FORM DS-322  
7-1-48

OUTGOING TELEGRAM

INDICATE

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Charge Department

Charge to

Department of State

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CLASSIFICATION

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CONTROL

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NOV 18 1949

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AMEMBASSY

LONDON 4169  
substance

FOL/communication RECD from SCAP:(Deptel XXXX, Oct 20)

QTE Subject is copper shipments from Japan.

QTE Part 1. S. J. Barnett and Co., Ltd, London, ship-  
ments of copper from Japan to London were made as follows:

S/S Benlmond departed Kobe 19 July 49;

S/S Radnorshire departed Yokohama 31 July 49;

S/S City of Liverpool departed Kobe 8 Aug 49.

Intermediate and ultimate consignees above company, London.

QTE Part 2. Payment was arranged in sterling by letter  
of credit through Leopold Joseph and Sons and Lloyds Bank Ltd,  
London. UNQTE.

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894.6352/9.2749

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894.6352/11-1849

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11-17-49

NOV 18 1949 P.M.

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NA → ~~Am. State~~ - FE

# INCOMING AIRGRAM

DEPARTMENT OF STATE DIVISION OF COMMUNICATIONS AND RECORDS TELEGRAPH BRANCH

DIVISION OF  
NORTHEAST ASIAN AFFAIRS

Office of  
FAR EASTERN AFFAIRS

Action Assigned to NA  
DEC 15 1949  
Action Taken Tel. to London

FROM DEPUTY DIRECTOR  
Department of State

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SECRET

LONDON

Secretary of State,  
Washington.

Date of Action Dec. 28

DATE December 7, 1949.

A-2323

Action Office Symbol NA

REC'D Dec. 13, 1949 8:57 a

Name of Officer C. White

FOR STATE, COMMERCE, AGRICULTURE and TREASURY

Direction to DC/R File

Subject: Copper Shipments from Japan to London

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ACTION  
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The Embassy hopes that the following letter from Mr. C. B. Duke, European Recovery Department, Foreign Office, dated December 1, 1949, to the MCA Mission in London may answer satisfactorily the questions raised by SCAP and transmitted to the Embassy in Department's telegrams No. 3771 of October 20, repeated to Brussels as 1222, and No. 4169 of November 18:

"In your letter of the 25th October you asked me whether we could throw any light on the reported re-export to Eastern Europe of certain shipments of copper originating in Japan.

"2. We have made enquiries to see whether there is any record of the alleged re-export but we have been unable to find anything which would substantiate the report. We also asked the Customs Authorities to look into it from the point of view of a possible transshipment. They have assured us that, as regards the Port of London, where the most detailed records of transshipments are kept, there are no records of any transshipment of copper to Poland during the months of July to October this year. There are, of course, other ports from which the transshipment might have been made, but you will appreciate that it would be impossible to investigate every single transshipment transaction that has taken place in the United Kingdom over the last few months. In any case, London is the principal port and the one in which the operation would have been most likely to have taken place.

"3. We have, however, heard that Messrs S. J. Barnett and Company obtained during these months permission of the currency control authorities to ship various quantities of copper from Japan to Holland and, in one case, to import

copper

894.6352/12-749

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DEPARTMENT OF STATE  
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A-2323, December 7, 1949. -2-

copper to this country for re-export to Holland. We have no evidence whether the shipments were actually made though the presumption must be that they were. But there is not any indication (perhaps naturally) that any of these consignments might have been intended for onward movement from Holland.

"4. I should perhaps add that, in our view, even if the report of the Company's activities was, in fact, correct in all details, it seems that there would not have been a breach of security regulations as copper is only a LB item; there might, of course, have been a breach of the conditions of the contract under which it was obtained."

If the Department wishes to have this matter further investigated, appropriate instructions would be appreciated.

HOLMES

FPBartlett/emh

Copy to: Brussels  
Tokyo  
ECA London

SECRET



# INCOMING AIRGRAM

DEPARTMENT OF STATE DIVISION OF COMMUNICATIONS AND RECORDS TELEGRAPH BRANCH

*10/11/49*

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ACTION: FE ✓  
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DEC 10 1949

Action Assigned to NA DEPARTMENT OF STATE: American Embassy  
Brussels, Belgium.

Action Taken Telegram

DATE: December 8, 1949.

to Brussels drafted

REC'D: Dec. 14, 1949 12:14 p.m.

SECRET

Date of Action 12-22-49

Secretary of State Office Symbol FE:NA

Mailed: Dec. 9, 1949

Washington of Officer CT White

Reference to DC/R File  
A-1067, December 8, 1949.

DEC 17 1949  
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JR*  
DIVISION OFFICE

Reference is made to the Department's telegram 3771 to London of October 20 repeated to Brussels as 1222 regarding copper shipments from Japan.

In the last paragraph of the reference message it is stated that SCAP has been requested to supply data directly as to shippers utilized, consignees and sources and methods of payment. The Embassy has received nothing on this subject from SCAP and if the Department still wishes the Embassy in Brussels and the Consulate General in Antwerp to conduct an investigation this data should be supplied by SCAP.

MURPHY

Copies sent to:

USFOIAD, Tokyo.

CJLittle:eds  
400

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JAN 4 1950

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894.6352/12-849



FORM DS-322  
7-1-48

OUTGOING TELEGRAM

INDICATE

Collect

Charge Department **X**

Charge to

**Department of State**

**SECRET**

CLASSIFICATION

61.M.

CONTROL

6905

DEC 28 1949

FOR DC/T USE ONLY

AMEMBASSY,

LONDON.

4614

FROM STATE AND COMMERCE.

REUR A-2323 Dec 7, ascertain if possible whether Barnett & Company exportations referred to your A-2323 are same as those referred to Part "3C" Deptel 3771, Oct 20. Report fully purchaser, destination, etc.

*894.6352/12-27-49 (H)*

*re copper shipments from Japan*  
**ACHESON**  
*Acheson*  
**(E.W.D.)**

894.6352/12-2849

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Clyde W. Smith  
(O.I.T.)

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*894.6352/12-2849*

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DEC 28 1949 P.M.

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