

GENERAL HEADQUARTERS  
SUPREME COMMANDER FOR THE ALLIED POWERS  
APO 500

AG 400.12 (31 Mar 48) GD  
SCAPIN 1872/7

25 February 1949

MEMORANDUM FOR: JAPANESE GOVERNMENT

SUBJECT: Disposition of Supplies, Equipment and Materials  
Released to the Japanese Government

1. Reference is made to:
  - a. Memorandum for the Japanese Government from General Headquarters, Supreme Commander for the Allied Powers, AG 400.12 (31 Mar 48) CE-GD, SCAPIN 1872, 31 March 1948, subject, "Expenditures From Funds Appropriated for Occupation Force Requirements."
  - b. Memorandum for the Japanese Government from General Headquarters, Supreme Commander for the Allied Powers, AG 400.12 (31 Mar 48) EO, SCAPIN 1872/2, 10 August 1948, subject, "Expenditures From Funds Appropriated for Occupation Force Requirements."
2. Effective 1 April 1949, those portions of paragraphs 5b and 6 of reference 1a and paragraph b of reference 1b authorizing payments from Japanese Government funds appropriated for the support of the Occupation Forces for requirements for construction and maintenance materials and equipment on the basis of letter directives issued by the Commanding General, Eighth United States Army, are rescinded except insofar as may be necessary to liquidate obligations outstanding as of 31 March 1949.
3. All Special Procurement Board supplies, equipment and materials procured with funds appropriated for support of the requirements of the Occupation Forces will be inventoried at an early date. This inventory will include those stocks procured by the Japanese Government in accordance with letter directives as provided for by paragraph 5b of reference 1a, as amended by paragraph b of reference 1b. The foregoing inventory will be conducted jointly by representatives of the Commanding General, Eighth Army, and the Japanese Government. Stocks which are not to be placed on procurement demand as determined by the Commanding General, Eighth Army, will revert to the control of the Japanese Government for disposition.
4. Schedules and necessary arrangements for the conduct of inventories will be in accordance with directives to be issued by the Commanding General, Eighth Army.
5. The Japanese Government will prepare and submit a plan to the Supreme Commander for the Allied Powers within thirty (30) days from date of this directive, covering the custody and disposition of all stocks released for disposition including supplies, equipment and material released to the Japanese Government from Occupation Force stocks accumulated as a result of procurement instruments issued to the Japanese Government. Such plan should include provisions for:

AG 400.12 (31 Mar 48)GD. SCAPIN 1872/7

Subj: Disposition of Supplies, Equipment and Materials Released to the Japanese Government

a. Disposition of materials in a manner that will provide maximum revenue to the Japanese Government under applicable Japanese laws.

b. Designation of a single National Government Agency to receive and dispose of released stocks.

c. Disposition of released production materials designated for allocation by the Japanese Government Economic Stabilization Board by programming by that agency in the same manner as other production materials.

d. Establishment by the Japanese Government Economic Stabilization Board of priorities in sales between eligible bidders.

6. A separate revenue account will be maintained by the Japanese Government to reflect the proceeds of any sales of the released items mentioned in paragraph 3 above. None of these items will be disposed of without a reasonable compensation to the Japanese Government based on current value; nor shall they be made available for use of any government agency except when a similar reasonable payment is made to the revenue account mentioned above from appropriated funds of the agency concerned.

7. The Japanese Government will submit periodic progress reports to, and as directed by, the Commanding General, Eighth United States Army, regarding disposition of Special Procurement Board stocks.

8. Direct communication is authorized between the Commanding General, Eighth United States Army, and the Japanese Government with respect to release of stocks and between the Economic and Scientific Section, General Headquarters, Supreme Commander for the Allied Powers, and the Japanese Government with respect to the distribution of supplies, equipment and materials and the funding adjustments covered by this directive.

FOR THE SUPREME COMMANDER:

*for [Signature]*  
K. M. LEVY  
Colonel, AGD  
Adjutant General