

March 7, 1946

POLICY FORMATION FOR AND ADMINISTRATION OF EXPORT CONTROLS

Administration of export control now rests with the "Requirement and Supply Branch"^{1/} of the Office of International Trade of the Department of Commerce. This function was transferred to Commerce by Executive Order No. 9630 of September 27, 1945.

Minor aspects of policy formation take place in the same office. Addition of commodities to the "Positive List"^{2/} are made by the R. and S. Branch without formal outside consultation. Subtractions from the list, however, are made only after consultation with interested agencies and approval by the Joint Committee on Export Controls, an inter-departmental committee the joint chairmanship of which is shared by Commerce and the Civilian Production Administration. Other members include the O.P.A. and the Department of State. Since this Joint Committee is not concerned with agricultural products, informal consultations are held with the Department of Agriculture in reference to removal of agricultural products from the Positive List.

Mr. Robert Turner, Head of the Bureau of International Supply of the C.P.A., stressed the importance of the latter agency in the export control set-up. For all commodities that are in tight supply, exports are permitted against export quotas set up by the C.P.A. Trucks, passenger cars, building materials, lumber, etc., are included in this category, and C.P.A. takes full responsibility for the amount of exports permitted.

The next highest level of policy formation presents a somewhat confused picture. The International Adjustments Committee, in reality a sub-committee of the Reconversion Working Committee, receives reports on problems of export control, but all the persons to whom I talked concurred in the opinion that this Committee has not given policy direction. However, the minutes of a meeting held by that group on January 15 and 16, 1946, give useful information regarding the export control organization and I am calling them to your attention.

Several of my informants mentioned the Wartime Trade Controls Committee^{3/} as a policy-forming group with supervision over broad questions of export control. This Committee was established about V-J Day as a sub-committee of the Executive Committee on Economic Foreign Policy,

^{1/} Director, Mr. John C. Borton.

^{2/} List of commodities for which individual export licenses are required for shipments to Country "K" destinations.

^{3/} See membership list at the end of this memorandum.

a Cabinet level committee headed by Mr. Clayton. I have not been able in the time available to find out much about this sub-committee except that it framed a statement on United States policy during the transition with respect to short supply items which was approved by the President in September.^{1/}

It might interest you to know that with the abolition of the Combined Raw Materials Board and the Combined Production and Resources Board on December 31, 1945, five commodity committees were formed to determine allocation of certain scarce commodities internationally. These were for cotton textiles; coal; hides, leather, skins; rubber; and tin. These committees contain international representation but I am informed that allocations are strictly on a national basis -- i.e., our own people determine for themselves the amount of the commodities which we can spare and this independent determination then forms the basis for international allocation on a consultative basis.

Wartime Trade Controls Subcommittee

State - Donald Kennedy, Chairman
Agriculture - D. A. Fitzgerald
Commerce - Perry Stevenson and Mr. Braderman
(both alternates)
Tariff - Louis Ballif
C.P.A. - Robert Turner
War Shipping - Thomas J. White
O.P.A. - Benjamin Caplan
Budget-O.W.M.R. - Arthur Smithies and
Howard S. Piquet

^{1/} E.C.E.F.P. D 119/45 Dated Sept. 1, 1945.