

U.S. Mechanisms for the Control of Exports and of Transshipments of U.S. Exports to Communist China

Pre-shipment Control:

1. All direct or indirect shipments from or through the U.S. to Communist China require validated export licenses. The U.S. policy is to deny all applications for shipments to Communist China.
2. All goods designated by the U.S. to be of primary or secondary strategic importance require validated licenses for shipment outside the Western Hemisphere. In addition to careful screening of applications in the licensing agency (OIT), the U.S. requires on items of primary strategic importance, assurances from Western European countries against transshipment or shipment of identical items to the Soviet bloc (including Communist China). When such assurances are not forthcoming, the net security advantage must be on the side of the U.S. before such shipment is approved.
3. For certain problem areas, special assurances are required to assure against diversion or transshipment to the Soviet bloc. (For examples: (1) the Vienna Screening Committee must pass on U.S. exports to Austria, (2) A Swiss Blue Import Certificate (Swiss Govt guarantee against transshipment) is required prior to granting a U.S. Validated Export License for the shipment of goods to Switzerland, (3) end-use checks are required in many areas to ascertain that the goods can be and will be used as specified in the license application).
4. A "Watch List" is maintained in the U.S. licensing agency of known and suspected violators of U.S. export control regulations and their applications are either denied or given very careful scrutiny prior to approval.
5. When a license is approved for the export of controlled commodities, the Bill of Lading and Commercial Invoice is stamped with a notice to all who handle these documents that transshipment or illegal diversion is in violation of U.S. law.

Customs Procedure:

1. Every commodity exported from the U.S. must be covered by an authenticated shippers export declaration. The authentication is executed by a member of the U.S. Customs Service who checks all pertinent documents against the actual cargo. In the first 11 months of 1951, 272 seizures of illegal shipments were made.

Post-Shipment Activities:

1. The OIT post-audits licenses used for the actual export against the one granted originally to assure against any changes, additions, or other illegal acts subsequent to granting the license.

DOC Exempt Letter On File

2. Information on possible violations of U.S. export control regulations is sought abroad by OIT enforcement officers, State Department missions, and ECA missions in various foreign countries.
3. In the event of any illegal activity, enforcement procedures are invoked. These procedures vary from administrative orders which deny licensing privileges to both the domestic and foreign firms to criminal proceedings in serious cases. In 1951, OIT issued 31 charging letters which resulted in 18 administrative orders denying licensing privileges and in referral of 7 cases to the Justice Department for criminal prosecution.

U.S. Mechanisms for the Control of Exports and of Transshipments or Diversions of U.S. Exports to Communist China

Extensive pre-shipment and port of exit procedures seek to insure that all direct or indirect shipments from or through the United States are denied to Communist China. In addition to these procedures, special assurances are required from Western European countries that the U.S. items exported, or identical items, will not be shipped to the Soviet bloc (including Communist China). When such assurances are not forthcoming, the net security advantage must be on the side of the U.S. before the license is approved.

After shipment from the United States, certain other procedures are utilized to insure compliance, including (1) specific notice on the bill of lading and the commercial invoice that diversion contrary to U.S. law is prohibited, (2) securing information from OIT enforcement officers, State Department missions abroad, and FGA missions in various foreign countries on violations of United States export control regulations, and (3) compliance proceedings against violators.