(Not sent)

DRAFT: GG 1 June 1957

Dear General Lemnitzer:

We are increasingly disturbed and quite literally hurt by what [redacted] appears to be a continuing policy of priority for the procurement of Japanese rather than Korean supplies, even for the use of our own ROK military forces, under the [redacted] U.S. indirect military assistance program. For instance:

During U.S. fiscal 1956, Korean manufacturers were producing 111 different items of supply that were appropriate for USAPAK procurement in every respect of quality, price and availability. Our forces' total requirements of these items was estimated to be $30 million, and our productive capacity was twice that.

In fiscal 1957, our growing industrial potential is producing 212 such items. Our estimated need of these items for the year amounts to $54.9 million. Our estimated productive capacity is $95.5 million.

Yet for all of fiscal 1956 and the first [redacted] 10 months of fiscal 1957, USAPAK's total procurement from Korean sources has amounted to only $8.39 million -- obviously a small fraction of the total need -- while its procurement from Japanese manufacturers has been quite a few times that amount.

And [redacted] in just the past month -- with what seems a truly crowning blow -- USAPAK has told us that, pursuant to a new Washington directive that is effective at once, all future procurement in Korea will be purchased with hwan instead of dollars.

Our opportunities for foreign currency earnings are still so very limited that even the $8.39 million we have received through USAPAK since 1955 has appreciably helped us. But now our economy has [redacted] been deprived of even this possibility of earning sorely needed dollars, and the very considerable benefit of their authorized use for the [redacted] importation of highly marketable goods.

We would find it difficult under any circumstances to understand such seeming discrimination against [redacted] Korea's economic health. We find it doubly difficult in the light of the increasingly questionable loyalty of Japan to the United States and the Free World,

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as it more and more openly aligns itself in friendship with the Communist bloc for what it construes to be its expedient advantage.

If we are wrong about this, please tell us why. If we are right, please tell us that we may anticipate a more equitable part in what will always be [redacted] our mutual best interests.

Sincerely,

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