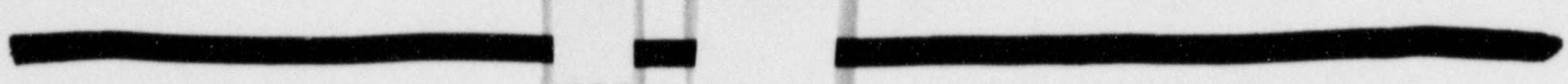


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C2-242/15FEC-RESTRICTEDC2-242/1513 November 1947FAR EASTERN COMMISSIONCOMMITTEE NO. 2: ECONOMIC AND FINANCIAL AFFAIRS

LEVEL OF ECONOMIC LIFE IN JAPAN: POLICY TOWARDS JAPANESE
INDUSTRY AND SHIPPING: REPORT OF SUBCOMMITTEE NO. 2
(References: C2-242, /12, /14)

Note by the Secretary General

The enclosure, a report by Subcommittee No. 2: Level of Economic Life in Japan on the Philippine proposal regarding the rubber industry contained in C2-242/12, is circulated herewith for the consideration of COMMITTEE NO. 2: ECONOMIC AND FINANCIAL AFFAIRS.

NELSON T. JOHNSON
Secretary General

C2-242/15

FEC-RESTRICTEDE N C L O S U R ELEVEL OF ECONOMIC LIFE IN JAPAN: POLICY TOWARDS JAPANESE
INDUSTRY AND SHIPPING: REPORT OF SUBCOMMITTEE NO. 2Report of Subcommittee No. 2 on Philippine
Proposal on Rubber Industry

The Subcommittee has considered the Philippine proposal contained in C2-242/12 to add the following para. 2. o. to Enclosure "C" of C2-242:

Rubber Industry
(Defined as plants and establishments primarily engaged in the production of rubber goods using crude or reclaimed rubber)

Capacity for the production of rubber goods to the value of 94,000,000 yen annually at 1930 prices.

The U. S. Member submitted the following information on the industry:

During the war, civilian uses of rubber were drastically cut. Reductions were made in the required rubber content of, e. g., belting and hose, and the use of rubber was limited to essential articles. Some retreading of tires was done, but was restricted to tires for carts because results were so unsatisfactory. Further economies were effected by a decrease in the number of plants from 1,121 to 309.

At the start of the war, there was a large stock of truck tires in Japan; the 3 largest plants were converted to the manufacture of aircraft tires. By 1945 there was a surplus of aircraft tires but inventories of truck tires had fallen. The shortage was aggravated by the destruction of the largest plants by air attacks. In July 1945 plans were made to import tires from Manchuria where capacity existed for producing 120,000 tires yearly. The net effect of the automotive tire shortage, which evidently cannot be attributed to a crude rubber shortage, was to keep out of service 3,000 out of 45,000 military vehicles and 5,000 out of 57,000 civilian vehicles otherwise in running condition as of March 1, 1945.

Although not specifically bombed, the rubber goods manufacturing plants, especially the critical tire factories, were fortuitously destroyed because of their location in urban areas. 43% of the total capacity of the rubber manufacturing industry was lost.

The U. S. Member also pointed out that the figure of 94 million yen at 1930 prices corresponded to the use of approximately 61,000 metric tons of crude rubber. This figure was approximately equal to the consumption during the period 1935 to 1937 and in subsequent years there was a considerable reduction in the industry. He doubted whether Japan had even used

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more than 60,000 tons, and, in view of the wartime destruction, he was confident that there was considerably less than 60,000 metric tons of capacity in Japan at the present time.

In the light of the above information, the majority of the Subcommittee cannot support the Philippine proposal, since it appears that the capacity of the rubber industry in Japan is already substantially below that to which it is proposed that it should be reduced.

C2 242/16

FEC RESTRICTED

C2-242/16

14 November 1947

FAR EASTERN COMMISSION

COMMITTEE NO. 2: ECONOMIC AND FINANCIAL AFFAIRS

LEVEL OF ECONOMIC LIFE IN JAPAN: POLICY TOWARDS JAPANESE
INDUSTRY AND SHIPPING: AMENDED VERSION WITH PROPOSALS
PENDING COMMITTEE ACTION

(References: C2-242, /14, /15; FEC-218/2)

Note by the Secretary General

1. The enclosure, an amended version of Enclosure "C" of C2-242 as of 13 November 1947 together with proposed amendments before the Committee, is circulated herewith for the consideration of COMMITTEE NO. 2: ECONOMIC AND FINANCIAL AFFAIRS.

2. The enclosure replaces C2 242/14.

NELSON T. JOHNSON
Secretary General

C2 242/16

FEC-RESTRICTEDENCLOSURE "C"LEVEL OF ECONOMIC LIFE IN JAPAN:
POLICY TOWARDS JAPANESE INDUSTRY AND SHIPPING

1. In accordance with paragraphs 2.a. (1) and 9. a. (1) of FEC-084/21, the Far Eastern Commission determines that the size of merchant vessels, defined as all vessels other than naval combatant vessels, above which plants and establishments for building them are defined as primary war facilities, should be

* 3,000 light displacement tons (US proposal)

* 5,000 gross registered tons (UK and Netherlands proposal)

2. Japanese capacity in the following war-supporting industries in excess of the amounts stated below should be disposed of in accordance with paragraphs 5. a. and 6. of FEC-084/21.

a. Iron and Steel Industry

(Defined as plants and establishments primarily engaged in the production of pig iron, steel ingots, basic shapes or ferroalloys).

(1) Pig Iron

Capacity to produce 2,000,000 metric tons annually.

(2) Steel Ingots

Capacity to produce 3,500,000 metric tons annually, including all existing Bessemer capacity.

(3) Basic Shapes

Capacity to produce 2,650,000 metric tons annually.

(4) Ferroalloys

Capacity to produce 39,000 metric tons annually.

b. Non-Ferrous Metals Industry

(1) Nickel Smelting Industry

(Defined as plants and establishments primarily engaged in the smelting of nickel from its ores).

Nil.

(2) Copper Industry

(Defined as plants and establishments primarily engaged in smelting copper ore or concentrates, refining the product of the smelters, or fabricating copper or its alloys).

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Capacity to smelt and refine 80,000 metric tons annually of copper metal and capacity for fabricating copper or its alloys sufficient to utilize 80,000 metric tons annually of copper metal. Any capacity in the copper fabricating industry required to carry out the provisions contained in subpara. c. (1) (b) below should be additional to this amount.

c. Light Metals Industry

(Defined as plants and establishments primarily engaged in the production of alumina, primary or secondary aluminum or magnesium, or in rolling, extruding or drawing of aluminum or magnesium or their alloys).

(1) Aluminum(a) Alumina and primary aluminum

Nil.

Proposed U. S. Amendment

Substitute for "Nil":

"Capacity to produce 25,000 metric tons annually."

(b) Rolled, drawn and extruded shapes

Capacity to produce 15,000 metric tons of shape annually.

Such equipment should be of a general purpose character and can be obtained from any surplus available in other branches of the non-ferrous metals industry.

Proposed Canadian Amendment

Substitute for above:

"Capacity to produce 40,000 metric tons of shapes annually in an integrated aluminum fabricating industry."

(2) Magnesium

Nil.

d. Metal Working Machinery Industry(1) Machine Tool Industry

(Defined as plants and establishments engaged in the production of non-portable power driven machines designed to shape metal by the progressive cutting away of stock in the form of chips, shavings or by abrasive action)

Capacity to produce a balanced type-size aggregate of 10,000 machine tools annually.

(2) Cutting Tools and Secondary Metal Working Machinery Industry

(Defined as plants and establishments engaged in the production of secondary metal forming or cutting machines or equipment).

In effecting the reduction in the inventory of machine tools under the terms of Para. 2. n. special

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attention should be paid to reducing capacity in the cutting tools and secondary metal working machinery industry to a level no higher than is necessary to meet the requirements of Japanese industry as reduced by this and other policy decisions of the Far Eastern Commission.

e. Ball and Roll Bearing Industry

(Defined as plants and establishments engaged in the manufacture or assembly of complete ball or roller bearings or their major component parts, namely, balls, rollers, races or cages).

Capacity for the production of ball and roller bearings to the value of 32,500,000 yen annually at 1943-44 average prices.

f. Chemical Industry

(1) Industrial Explosives Industry

(Defined as plants and establishments engaged in the production of industrial explosives).

Capacity to produce 10,000 metric tons annually, provided that, if additional capacity is required to meet temporary needs, the Supreme Commander for the Allied Powers may, after informing the Far Eastern Commission of the reasons for so doing, retain such additional capacity pending a decision by the Far Eastern Commission.

(2) Sulphuric Acid Industry

(Defined as plants and establishments engaged in the production of sulphuric acid).

Capacity to produce 3,500,000 metric tons of 62% acid equivalent.

All facilities made available for reparations claim should be of the contact type, but as far as possible should not include any plants serving as integral functional units in other manufacturing plant not made available for claim.

(3) Soda Ash, Caustic Soda and Chlorine Industry

(Defined as plants and establishments engaged in: (a) the production of soda ash including integrated facilities for the conversion of soda ash into caustic soda; or (b) the production of caustic soda and chlorine by the electrolytic process).

(a) Capacity to produce 500,000 metric tons of soda ash annually.

(b) Capacity to produce 282,500 metric tons of caustic soda annually, of which 200,000 metric tons should be capacity for production from soda ash, and the remaining 82,500 metric tons should be capacity for production by the electrolytic process.

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(c) Capacity to produce 75,000 metric tons of chlorine annually by the electrolytic process.

Proposed Netherlands Amendment
Substitute for above

"(a) Capacity to produce 525,000 metric tons of soda ash annually.

(b) Capacity to produce 282,500 metric tons of caustic soda annually, of which 216,000 metric tons should be capacity for production from soda ash, and the remaining 66,500 metric tons should be capacity for production by the electrolytic process.

(c) Capacity to produce 60,000 metric tons of chlorine annually by the electrolytic process."

(4) Nitric Acid Industry

(Defined as plants and establishments engaged in the production of nitric acid).

Capacity to produce 30,000 metric tons of nitric acid annually (as 100% acid).

Proposed Netherlands Amendment
Amend heading as follows:

"(4) Chemical Nitrogen Industry

(a) Nitric Acid Industry"

Add:

"(b) Ammonia Industry

(Defined as plants and establishments engaged in the production of ammonia).

A level should be set by the Far Eastern Commission for the ammonia industry after receiving a detailed list of figures from the State Department on this subject."

(5) Calcium Carbide Industry

(Defined as plants and establishments engaged in the production of calcium carbide).

Capacity to produce 430,000 metric tons annually, provided that no facilities should be removed which are needed to achieve essential production of fertilizers in Japan.

g. Railway Equipment Industry

(Defined as plants and establishments primarily engaged in the production of steam, electric or diesel locomotive passenger cars or freight cars.

Capacity to produce 255 steam, electric and diesel locomotives; 870 passenger cars; and 3,200 freight cars annually.

FEC-RESTRICTEDh. Thermal Electric Power Industry

(Defined as plants and establishments primarily engaged in the production of electric energy through the use of fuel as the basic energy source).

Capacity to produce and deliver to the line at the power plants an aggregate of 2,100,000 kilowatts.

i. Cement Industry

(Defined as plants and establishments engaged in the production of Portland cement, blast furnace cement or similar types of cement).

Capacity to produce 4,500,000 metric tons annually.

j. Steel Merchant Shipbuilding and Ship Repair Industry

(Defined as ship yards and docks, including all facilities, plants and establishments located within their confines, primarily engaged in the building, repair, or maintenance of steel ships over 100 gross registered tons).

(1) Capacity required to service a merchant fleet of
 *3,000,000 gross tons (U. S. proposal)
 *2,200,000 gross registered tons (Netherlands proposal and to build
 *150,000 gross tons (U. S. proposal)
 * 80,000 gross registered tons (Netherlands proposal)
 of new shipping annually subject to the following limitations

(a) All facilities for building vessels of over
 *3,000 light displacement tons (U. S. proposal)
 *5,000 gross registered tons (Netherlands and U. K. proposal)
 should be disposed of in accordance with paragraphs 5a and 6 of FEC-084/12.

(b) Immovable installations, in yards made available for reparations claim, should be destroyed, except for buildings usable for other purposes.

(c) *Two 20,000 tons drydocks should be retained for purposes of servicing world shipping touching at Japanese ports. (U. S. proposal)

*One drydock of 15,000 gross registered tons and two drydocks of 5,000 to 10,000 gross registered tons should be retained for purposes of servicing world shipping touching at Japanese ports. No other drydocks larger than 5,000 gross registered tons and no floating docks should be retained. (Netherlands proposal)

k. The Merchant Marine, Fishing, Whaling and Cannery Fleet

*(Defined as cargo vessels, passenger-cargo vessels and tankers of more than 100 gross tons including both wooden and steel ships). (U. S. proposal)

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*(Defined as all vessels of more than 100 gross registered tons other than naval combatant vessels)
(Proposal of majority of Subcommittee)

An aggregate of

- *2,000,000 gross tons (U. S. proposal)
- *2,000,000 gross registered tons of which not more than 150,000 gross registered tons should be tankers (Netherlands proposal)

subject to the limitation that all vessels of more than

- *6,000 gross tons each, which have a speed in excess of 15 knots (U. S. proposal)
- *5,000 gross registered tons or with a maximum speed of more than 15 knots (U. K. proposal)
- *5,000 gross registered tons or with a maximum speed of more than 12 knots (Netherlands proposal)

should be disposed of in accordance with paragraphs 5a and 6 of FEC-084/21

1. The Oil Refining and Synthetic Fuel Industry and Storage.

(1) Synthetic Oil Industry

(Defined as plants and establishments engaged in the manufacture of liquid fuels from coal, whether by high-pressure hydrogenation, the Fischer-Tropsch process, or low-temperature carbonization.)

Nil, subject to the following limitation:

- (a) Any machinery or equipment in such plants, which is suitable for use in the production of synthetic ammonia and which, in the judgment of SCAP, should be transferred for use in the production of synthetic ammonia for fertilizer manufacture, should be exempted from claim.

(2) Petroleum Refining Industry

(Defined as plants and establishments for the processing of crude petroleum or alcohol (but excluding synthetic crudes derived from coal), including all straight run distillation plants and natural (casing-head) gasoline plants, thermal cracking units, vacuum distillation plants for the manufacture of ordinary or high grade lubricating oils, and iso-octane plants, including any isomerization, polymerization or alkylation equipment).

Capacity to process 4,500,000 barrels of crude oil annually, of which not more than half should be in the Pacific Coast area.

Amendment proposed by U. S. Member on a personal basis
Substitute "6,000,000 barrels" for "4,500,000 barrels".

FEC-RESTRICTED(3) Oil Storage

(Defined as all tankage, whether surface or underground, connected with tank farms or refineries used primarily for the storage of petroleum or petroleum products in bulk)

Storage capacity of 5,000,000 barrels.

m. Synthetic Rubber Industry

(Defined as plants and establishments primarily engaged in the production of synthetic rubber).

Nil.

n. Inventory of Metal Working Machinery(1) Machine Tools

(Defined as the existing stock in Japan of non-portable, power-driven machines designed to shape metal by the progressive cutting away of stock in the form of chips or shavings, or by abrasive action.)

A total inventory of 200,000 units of a balance type-size.

Proposed Philippine Amendmento. Rubber Industry

(Defined as plants and establishments primarily engaged in the production of rubber goods using crude or reclaimed rubber.)

Capacity for the production of rubber goods to the value of 94,000,000 yen annually at 1930 prices.

3. *During the period in which this policy is in force, Japan should not be allowed to build ships of a size greater than 5,000 gross registered tons or a maximum speed greater than 12 knots. (Netherlands and U. K. proposal)

4. Coal Carbonization Industry

(Defined as plants and establishments primarily engaged in the production of high-temperature coke).

Capacity related to the coke-consuming industries and made surplus by reductions in these industries should be disposed of in accordance with paragraphs 5. a. and 6. of FEC-084/21.

5. Automotive Industry

(Defined as plants and establishments primarily engaged in the manufacturing of engines or chassis of standard size, passenger cars or trucks or in the assembly of finished vehicles of these types).

In effecting the reduction in the inventory of machine tools under the terms of paragraph 2. n. (1) above, special attention should be paid to reducing capacity in the automotive industry to a level no higher than is necessary to meet the peaceful needs of Japan.

FEC-RESTRICTED6. Primary War Facilities

Those facilities, included in primary war facilities as defined in paragraph 2. a. of FEC-084/21, which have been engaged in the production of military supplies essentially similar to such consumer goods as textiles, clothing, processed foods, fertilizers, fuels, pharmaceuticals and related and dependent industries should be made available for reparations claim unless in the judgment of the Supreme Commander for the Allied Powers, they are needed to meet the peaceful needs of Japan as defined by the Far Eastern Commission in FEC-106/1.

Proposed Chinese Amendment

Add the following sentence:

"In such cases, he should inform the FEC and supply relevant data in order that the Commission may decide as to the availability of such facilities."

Proposed N. Z. Amendment

Amend as follows:

"Those facilities included in primary war facilities as defined in paragraph 2 a of FEC-084/21, which have been engaged in the production of military supplies essentially similar to such civilian consumer goods as textiles; clothing; processed feeds; fertilizers; fuels; pharmaceuticals and related and dependent industries should be made available for reparations claim unless"

Proposed Netherlands Amendment

Amend as follows:

"Those facilities included in primary war facilities as defined in paragraph 2 a of FEC-084/21, which have been engaged at the time of surrender in the production...."

Add the following sentence:

Such decisions should be communicated to the Far Eastern Commission, together, if possible, with supporting data.

7. Industrial facilities not specified above but which are made superfluous because of reparations removals prescribed herein should be made available for reparations claim unless essential and economical uses commensurate with the peaceful needs of Japan as defined by the Far Eastern Commission are found for them in Japan. Decisions as to availability of such facilities should be made by SCAP. In applying the policy in this paragraph special attention should be paid to facilities for the production of non-ferrous metals other than copper and nickel, abrasives and heavy electrical equipment, and to the inventory of cutting tools and secondary metal working machinery, and any facilities in these industries not removed as reparations should be disposed of in accordance with paragraph 6. of FEC-084/21.

8. This policy taken in conjunction with FEC-084/21 (Reduction of Japanese Industrial War Potential, approved 14 August 1947, and forwarded to SCAP as Directive Serial Number 87 of 23 August 1947) supersedes the following policies:

FEC-RESTRICTED

<u>Document Number</u>	<u>Title</u>	<u>Date Approved</u>	<u>Directive Serial No.</u>	<u>Date forwarded to SCAP</u>
FEC-059	Interim Reparations Removals: Army and Navy Arsenals; Aircraft Industry; Light Metals Industry	13 May 46	46	23 May 46
FEC-059/4	Machine Tool Industry Sulphuric Acid Industry; Shipbuilding	23 May 46	48	26 May 46
FEC-059/6	Ball and Roller Bearing Industry	29 May 46	50	2 Jun 46
FEC-059/14	Iron and Steel Industries; Thermal Electric Power; Soda Ash, Chlorine, and Caustic Soda Industry	12 Jun 46	52	15 Jun 46
FEC-059/15	Privately owned Munitions Plants	20 Jun 46	53	25 Jun 46
FEC-059/21	Synthetic Oil and Synthetic Rubber Industry	12 Sep 46	59	18 Sep 46
FEC-059/29	Steel Rolling Industry	6 Dec 46	64	13 Dec 46
FEC-239/7	Temporary Retention of Electric Steel Furnaces	24 Jul 47	85	31 Jul 47
FEC-083/5	Assured Production Capacity Levels for Japan	20 Feb 47	71	7 Mar 47

* Denotes proposals which the Subcommittee agreed to send forward without comment.

C2-242/17FEC-RESTRICTEDC2-242/1726 November 1947FAR EASTERN COMMISSIONCOMMITTEE NO. 2: ECONOMIC AND FINANCIAL AFFAIRS

LEVEL OF ECONOMIC LIFE IN JAPAN: POLICY TOWARDS
JAPANESE INDUSTRY AND SHIPPING: AMENDMENTS TO C2-242/16
(References: C2-242, /15, /16; FEC-218/2)

Note by the Secretary General

The enclosure, amendments to C2-242/16 submitted at the ninety-first and ninety-second meetings, 20 and 24 November 1947, is circulated herewith for the consideration of COMMITTEE NO. 2: ECONOMIC AND FINANCIAL AFFAIRS.

NELSON T. JOHNSON
Secretary General

C2-242/17

FEC-RESTRICTEDE N C L O S U R ELEVEL OF ECONOMIC LIFE IN JAPAN: POLICY TOWARDS
JAPANESE INDUSTRY AND SHIPPING: AMENDMENTS TO C2-242/16Amendments to C2-242/16 Submitted at 92nd Meeting
of Committee No. 2, 24 November 1947Para. 2 c (1) AluminumProposed Netherlands Amendment(a) Alumina and primary aluminum

Substitute for "Nil":

"Capacity to produce 10,000 metric tons
annually."(b) Rolled, drawn and extruded shapes

Amend as follows:

Capacity to produce ~~15,000~~ 25,000 metric
tons of shapes annually.~~Such equipment should be of a general-purpose
character and can be obtained from any surplus
available in other branches of the non-ferrous
metals industry.~~Proposed Canadian Amendment(b) Rolled, drawn and extruded shapesDelete sentence beginning "Such equipment...."
and substitute the following:"Such capacity should exclude any facilities
specifically designed to produce aluminum
for use in the aircraft industry."

Para. 7

Proposed Chinese AmendmentDelete the second sentence and substitute
the following:"In such cases he should so notify the FEC
without delay giving details as to the
capacity of such facilities to be retained
as well as an explanation of the urgency
of the requirement of each category."

SC-242/18FEC RESTRICTEDSC-242/1812 December 1947FAR EASTERN COMMISSION

LEVEL OF ECONOMIC LIFE IN JAPAN:
POLICY TOWARDS JAPANESE INDUSTRY
(References: C2-242 series, FEC-218 series)

Note by the Secretary General

1. The enclosure, an amended version of Enclosure "C" of C2-242 approved by Committee No. 2: Economic and Financial Affairs at its 95th meeting, 11 December 1947, is forwarded herewith for the consideration of the STEERING COMMITTEE.

2. The Australian, Chinese, Philippines, Soviet and United States Members maintained a general reservation on the paper. The Canadian and Indian Members reserved their positions on para 1 c (1), and the French Member reserved his position on paras 1 a and 1 f.

NELSON T. JOHNSON
Secretary General

SC-242/18

FEC-RESTRICTEDE N C L O S U R ELEVEL OF ECONOMIC LIFE IN JAPAN:
POLICY TOWARDS JAPANESE INDUSTRY

1. Japanese capacity in the following war-supporting industries in excess of the amounts stated below should be disposed of in accordance with paragraphs 5. a. and 6. of FEC-084/21.

a. Iron and Steel Industry

(Defined as plants and establishments primarily engaged in the production of pig iron, steel ingots, basic shapes or ferroalloys).

(1) Pig Iron

Capacity to produce 2,000,000 metric tons annually.

(2) Steel Ingots

Capacity to produce 3,500,000 metric tons annually, including all existing Bessemer capacity.

(3) Basic Shapes

Capacity to produce 2,650,000 metric tons annually.

(4) Ferroalloys

Capacity to produce 39,000 metric tons annually.

b. Non-Ferrous Metals Industry(1) Nickel Smelting Industry

(Defined as plants and establishments primarily engaged in the smelting of nickel from its ores).

Nil.

(2) Copper Industry

(Defined as plants and establishments primarily engaged in smelting copper ore or concentrates, refining the product of the smelters, or fabricating copper or its alloys).

Capacity to smelt and refine 80,000 metric tons annually of copper metal and capacity for fabricating copper or its alloys sufficient to utilize 80,000 metric tons annually of copper metal. Any capacity in the copper fabricating industry required to carry out the provisions contained in subpara. c. (1) (b) below should be additional to this amount.

FEC-RESTRICTEDc. Light Metals Industry

(Defined as plants and establishments primarily engaged in the production of alumina, primary or secondary aluminum or magnesium, or in rolling, extruding or drawing of aluminum or magnesium or their alloys).

(1) Aluminum(a) Alumina and primary aluminum

Capacity to produce 22,000 metric tons of alumina and 10,000 metric tons of primary aluminum annually.

(b) Rolled, drawn and extruded shapes

Capacity to produce 25,000 metric tons of shapes annually.
Such capacity should exclude any facilities specifically designed to produce aluminum for use in the aircraft industry.

(2) Magnesium

Nil.

d. Metal Working Machinery Industry(1) Machine Tool Industry

(Defined as plants and establishments engaged in the production of non-portable power driven machines designed to shape metal by the progressive cutting away of stock in the form of chips, shavings or by abrasive action)

Capacity to produce a balanced type-size aggregate of 10,000 machine tools annually.

(2) Cutting Tools and Secondary Metal Working Machinery Industry

(Defined as plants and establishments engaged in the production of secondary metal forming or cutting machines or equipment).

In effecting the reduction in the inventory of machine tools under the terms of Para. 2. n. special attention should be paid to reducing capacity in the cutting tools and secondary metal working machinery industry to a level no higher than is necessary to meet the requirements of Japanese industry as reduced by this and other policy decisions of the Far Eastern Commission.

e. Ball and Roller Bearing Industry

(Defined as plants and establishments engaged in the manufacture or assembly of complete ball or roller bearings or their major component parts, namely, balls, rollers, races or cages).

Capacity for the production of ball and roller bearings to the value of 32,500,000 yen annually at 1943-44 average prices.

FEC-RESTRICTEDf. Chemical Industry(1) Industrial Explosives Industry

(Defined as plants and establishments engaged in the production of industrial explosives).

Capacity to produce 10,000 metric tons annually, provided that, if additional capacity is required to meet temporary needs, the Supreme Commander for the Allied Powers may, after informing the Far Eastern Commission of the reasons for so doing, retain such additional capacity pending a decision by the Far Eastern Commission.

(2) Sulphuric Acid Industry

(Defined as plants and establishments engaged in the production of sulphuric acid).

Capacity to produce 3,500,000 metric tons of 62% acid equivalent.

All facilities made available for reparations claim should be of the contact type, but as far as possible should not include any plants serving as integral functional units in other manufacturing plant not made available for claim.

(3) Soda Ash, Caustic Soda and Chlorine Industry

(Defined as plants and establishments engaged in: (a) the production of soda ash including integrated facilities for the conversion of soda ash into caustic soda; or (b) the production of caustic soda and chlorine by the electrolytic process).

(a) Capacity to produce 500,000 metric tons of soda ash annually.

(b) Capacity to produce 282,500 metric tons of caustic soda annually, of which 200,000 metric tons should be capacity for production from soda ash, and the remaining 82,500 metric tons should be capacity for production by the electrolytic process.

(c) Capacity to produce 75,000 metric tons of chlorine annually by the electrolytic process.

(4) Nitric Acid Industry

(Defined as plants and establishments engaged in the production of nitric acid).

Capacity to produce 30,000 metric tons of nitric acid annually (as 100% acid).

(5) Calcium Carbide Industry

(Defined as plants and establishments engaged in the production of calcium carbide).

Capacity to produce 430,000 metric tons annually, provided that no facilities should be removed which are needed to achieve essential production of fertilizers in Japan.

FEC-RESTRICTEDg. Railway Equipment Industry

(Defined as plants and establishments primarily engaged in the production of steam, electric or diesel locomotives passenger cars or freight cars.

Capacity to produce 255 steam, electric and diesel locomotives; 870 passenger cars; and 3,200 freight cars

h. Thermal Electric Power Industry

(Defined as plants and establishments primarily engaged in the production of electric energy through the use of fuel as the basic energy source).

Capacity to produce and deliver to the line at the power plants an aggregate of 2,100,000 kilowatts.

i. Cement Industry

(Defined as plants and establishments engaged in the production of Portland cement, blast furnace cement or similar types of cement).

Capacity to produce 4,500,000 metric tons annually.

j. The Oil Refining and Synthetic Fuel Industry and Storage.(1) Synthetic Oil Industry

(Defined as plants and establishments engaged in the manufacture of liquid fuels from coal, whether by high-pressure hydrogenation, the Fischer-Tropsch process, or low-temperature carbonization.)

Nil, subject to the following limitation:

(a) Any machinery or equipment in such plants, which is suitable for use in the production of synthetic ammonia and which, in the judgment of SCAP, should be transferred for use in the production of synthetic ammonia for fertilizer manufacture, should be exempted from claim.

(2) Petroleum Refining Industry

(Defined as plants and establishments for the processing of crude petroleum or alcohol (but excluding synthetic crudes derived from coal), including all straight run distillation plants and natural (casing-head) gasoline plants, thermal cracking units, vacuum distillation plants for the manufacturing of ordinary or high grade lubricating oils, and iso-octane plants, including any isomerization, polymerization or alkylation equipment).

Capacity to process 4,500,000 barrels of crude oil annually, of which not more than half should be in the Pacific Coast area.

(3) Oil Storage

(Defined as all tankage, whether surface or underground, connected with tank farms or refineries used primarily for the storage of petroleum or petroleum products in bulk)

Storage capacity of 5,000,000 barrels.

FEC-RESTRICTEDk. Synthetic Rubber Industry

(Defined as plants and establishments primarily engaged in the production of synthetic rubber).

Nil.

1. Inventory of Metal Working Machinery(1) Machine Tools

(Defined as the existing stock in Japan of non-portable, power-driven machines designed to shape metal by the progressive cutting away of stock in the form of chips or shavings, or by abrasive action.)

A total inventory of 200,000 units of a balance type-size.

2. Coal Carbonization Industry

(Defined as plants and establishments primarily engaged in the production of high-temperature coke).

Capacity related to the coke-consuming industries and made surplus by reductions in these industries should be disposed of in accordance with paragraphs 5. a. and 6. of FEC-084/21.

3. Automotive Industry

(Defined as plants and establishments primarily engaged in the manufacturing of engines or chassis of standard size, passenger cars or trucks or in the assembly of finished vehicles of these types).

In effecting the reduction in the inventory of machine tools under the terms of paragraph 2. n. (1) above, special attention should be paid to reducing capacity in the automotive industry to a level no higher than is necessary to meet the peaceful needs of Japan.

4. Shipping and Shipbuilding Industry

The steel merchant shipbuilding and ship repair industry and the merchant marine, fishing, whaling and cannery fleet will be dealt with in a subsequent paper. In the meantime the provisions of para. 3. of FEC-059/4 remain in force.

5. Primary War Facilities

Those facilities, included in primary war facilities as defined in paragraph 2. a. of FEC-084/21, which have been engaged in the production of military supplies essentially similar to civilian goods should be made available for reparations claim unless in the judgment of the Supreme Commander for the Allied Powers, they are needed to meet the peaceful needs of Japan as defined by the Far Eastern Commission in FEC-106/1. Such decisions should be communicated to the Far Eastern Commission together, if possible, with supporting data.

6. Industrial facilities not specified above but which are made superfluous because of reparations removals prescribed herein should be made available for reparations claim unless essential and economical uses commensurate with the peaceful needs of Japan as defined by the Far Eastern Commission are found for them in Japan. Decisions as to availability of such facilities should be made by SCAP. In applying the policy in this paragraph

FEC-RESTRICTED

special attention should be paid to facilities for the production of non-ferrous metals other than copper and nickel, abrasives and heavy electrical equipment, and to the inventory of cutting tools and secondary metal working machinery, and any facilities in these industries not removed as reparations should be disposed of in accordance with paragraph 6. of FEC 084/21.

7. This policy taken in conjunction with FEC-084/21 (Reduction of Japanese Industrial War Potential, approved 14 August 1947, and forwarded to SCAP as Directive Serial Number 87 of 23 August 1947) supersedes the following policies with the exception of para. 3. of FEC-059/4:

<u>Document Number</u>	<u>Title</u>	<u>Date Approved</u>	<u>Directive Serial No.</u>	<u>Date forwarded to SCAP</u>
FEC-059	Interim Reparations Removals: Army and Navy Arsenals; Aircraft Industry; Light Metals Industry	13 May 46	46	23 May 46
FEC-059/4	Machine Tool Industry Sulphuric Acid Industry; Shipbuilding	23 May 46	48	26 May 46
FEC-059/6	Ball and Roller Bearing Industry	29 May 46	50	2 Jun 46
FEC-059/4	Iron and Steel Industries; Thermal Electric Power; Soda Ash, Chlorine, and Caustic Soda Industry	12 Jun 46	52	15 Jun 46
FEC 059/15	Privately owned Munitions Plants	20 Jun 46	53	25 Jun 46
FEC-059/21	Synthetic Oil and Synthetic Rubber Industry	12 Sep 46	59	18 Sep 46
FEC-059/29	Steel Rolling Industry	6 Dec 46	64	13 Dec 46
FEC-239/7	Temporary Retention of Electric Steel Furnaces	24 Jul 47	85	31 Jul 47
FEC-083/5	Assured Production Capacity Levels for Japan	20 Feb 47	71	7 Mar 47

MOTION: Amst on Niteric Acid - / 31 DATE 5/18/48

VOTE

CANVASS

	PRO	CON	ABSTAIN	REMARKS
Australia	✓			
Canada	✓			
China	✓			
France	✓		✓	
India	✓			
Netherlands	✓			
New Zealand	✓			
Philippines	✓			
USSR			✓	
United Kingdom	✓			
United States			✓	
TALLY:	8		3	

RESULT: CARRIED
 LOST VETO
 NO MAJ

SC-242/19FEC-RESTRICTEDSC-242/1916 December 1947FAR EASTERN COMMISSIONLEVEL OF ECONOMIC LIFE IN JAPAN:
POLICY TOWARDS JAPANESE INDUSTRY

(References: C2-242 series, FEC-218 series)

Note by the Secretary General

1. The enclosure, a correction of SC-242/18, which was an amended version of Enclosure "C" of C2-242 approved by Committee No. 2: Economic and Financial Affairs at its 95th meeting, 11 December 1947, is forwarded herewith for the consideration of the STEERING COMMITTEE.

2. The Australian, Chinese, Philippines, Soviet and United States Members maintained a general reservation on the paper. The Canadian and Indian Members reserved their positions on para 1 c (1), and the French Member reserved his position on paras 1 a and 1 f.

NELSON T. JOHNSON
Secretary General

SC-242/19

ENCLOSURELEVEL OF ECONOMIC LIFE IN JAPAN:
POLICY TOWARDS JAPANESE INDUSTRY

1. Japanese capacity in the following war-supporting industries in excess of the amounts stated below should be disposed of in accordance with paragraphs 5. a. and 6. of FEC-084/21.

a. Iron and Steel Industry

(Defined as plants and establishments primarily engaged in the production of pig iron, steel ingots, basic shapes or ferroalloys).

(1) Pig Iron

Capacity to produce 2,000,000 metric tons annually.

(2) Steel Ingots

Capacity to produce 3,500,000 metric tons annually, including all existing Bessemer capacity.

(3) Basic Shapes

Capacity to produce 2,650,000 metric tons annually.

(4) Ferroalloys

Capacity to produce 39,000 metric tons annually.

b. Non Ferrous Metals Industry(1) Nickel Smelting Industry

(Defined as plants and establishments primarily engaged in the smelting of nickel from its ores).

Nil.

(2) Copper Industry

(Defined as plants and establishments primarily engaged in smelting copper ore or concentrates, refining the product of the smelters, or fabricating copper or its alloys).

Capacity to smelt and refine 80,000 metric tons annually of copper metal and capacity for fabricating copper or its alloys sufficient to utilize 80,000 metric tons annually of copper metal.

China : (4/13/48)
3,000,000

2,260,000 (4/13/48)

33,000 (4/13/48)

FEC-RESTRICTEDc. Light Metals Industry

(Defined as plants and establishments primarily engaged in the production of alumina, primary or secondary aluminum or magnesium, or in rolling, extruding or drawing of aluminum or magnesium or their alloys).

(1) Aluminum(a) Alumina and primary aluminum

Capacity to produce 22,000 metric tons of alumina and 10,000 metric tons of primary aluminum annually.

(b) Rolled, drawn and extruded shapes

Capacity to produce 25,000 metric tons of shapes annually.
Such capacity should exclude any facilities specifically designed to produce aluminum for use in the aircraft industry.

(2) Magnesium

Nil.

d. Metal Working Machinery Industry(1) Machine Tool Industry

(Defined as plants and establishments engaged in the production of non-portable power driven machines designed to shape metal by the progressive cutting away of stock in the form of chips, shavings or by abrasive action)

Capacity to produce a balanced type-size aggregate of 10,000 machine tools annually.

(2) Cutting Tools and Secondary Metal Working Machinery Industry

(Defined as plants and establishments engaged in the production of secondary metal forming or cutting machines or equipment).

In effecting the reduction in the inventory of machine tools under the terms of Para. P 1⁽¹⁾ special attention should be paid to reducing capacity in the cutting tools and secondary metal working machinery industry to a level no higher than is necessary to meet the requirements of Japanese industry as reduced by this and other policy decisions of the Far Eastern Commission.

e. Ball and Roller Bearing Industry

(Defined as plants and establishments engaged in the manufacture or assembly of complete ball or roller bearings or their major component parts, namely, balls, rollers, races or cages).

Capacity for the production of ball and roller bearings to the value of 32,500,000 yen annually at 1943-44 average prices.

China:
8,600 (4/13/48)

FEC-RESTRICTEDf. Chemical Industry(1) Industrial Explosives Industry

(Defined as plants and establishments engaged in the production of industrial explosives).

Capacity to produce 10,000 metric tons annually, provided that, if additional capacity is required to meet temporary needs, the Supreme Commander for the Allied Powers may, after informing the Far Eastern Commission of the reasons for so doing, retain such additional capacity pending a decision by the Far Eastern Commission.

(2) Sulphuric Acid Industry

(Defined as plants and establishments engaged in the production of sulphuric acid).

Capacity to produce 3,500,000 metric tons of 62% acid equivalent annually.

All facilities made available for reparations claim should be of the contact type, but as far as possible should not include any plants serving as integral functional units in other manufacturing plant not made available for claim.

(3) Soda Ash, Caustic Soda and Chlorine Industry

(Defined as plants and establishments engaged in: (a) the production of soda ash including integrated facilities for the conversion of soda ash into caustic soda; or (b) the production of caustic soda and chlorine by the electrolytic process).

(a) Capacity to produce 500,000 metric tons of soda ash annually.

(b) Capacity to produce 282,500 metric tons of caustic soda annually, of which 200,000 metric tons should be capacity for production from soda ash, and the remaining 82,500 metric tons should be capacity for production by the electrolytic process.

(c) Capacity to produce 75,000 metric tons of chlorine annually by the electrolytic process.

(4) Nitric Acid Industry

(Defined as plants and establishments engaged in the production of nitric acid).

Capacity to produce 30,000 metric tons of nitric acid annually (as 100% acid).

(5) Calcium Carbide Industry

(Defined as plants and establishments engaged in the production of calcium carbide).

Capacity to produce 430,000 metric tons annually, provided that no facilities should be removed which are needed to achieve essential production of fertilizers in Japan.

new wording
(cf. SC-242/13)

FEC - RESTRICTEDg. Railway Equipment Industry

(Defined as plants and establishments primarily engaged in the production of steam, electric or diesel locomotives passenger cars or freight cars).

Capacity to produce 255 steam, electric and diesel locomotives; 870 passenger cars; and 3,200 freight cars annually.

h. Thermal Electric Power Industry

(Defined as plants and establishments primarily engaged in the production of electric energy through the use of fuel as the basic energy source).

Capacity to produce and deliver to the line at the power plants an aggregate of 2,100,000 kilowatts.

i. Cement Industry

(Defined as plants and establishments engaged in the production of Portland cement, blast furnace cement or similar types of cement).

Capacity to produce 4,500,000 metric tons annually.

j. The Oil Refining and Synthetic Fuel Industry and Storage.(1) Synthetic Oil Industry

(Defined as plants and establishments engaged in the manufacture of liquid fuels from coal, whether by high-pressure hydrogenation, the Fischer-Tropsch process, or low-temperature carbonization.)

Nil, subject to the following limitation:

(a) Any machinery or equipment in such plants, which is suitable for use in the production of synthetic ammonia and which, in the judgment of SCAP, should be transferred for use in the production of synthetic ammonia for fertilizer manufacture, should be exempted from claim.

(2) Petroleum Refining Industry

(Defined as plants and establishments for the processing of crude petroleum or alcohol (but excluding synthetic crudes derived from coal), including all straight run distillation plants and natural (casing-head) gasoline plants, thermal cracking units, vacuum distillation plants for the manufacturing of ordinary or high grade lubricating oils, and iso-octane plants, including any isomerization, polymerization or alkylation equipment).

Capacity to process 4,500,000 barrels of crude oil annually, of which not more than half should be in the Pacific Coast area.

(3) Oil Storage

(Defined as all tankage, whether surface or underground, connected with tank farms or refineries used primarily for the storage of petroleum or petroleum products in bulk)

Storage capacity of 5,000,000 barrels.

China : (4/13/48)
2,000,000

FEC-RESTRICTEDk. Synthetic Rubber Industry

(Defined as plants and establishments primarily engaged in the production of synthetic rubber).

Nil.

1. Inventory of Metal Working Machinery(1) Machine Tools

(Defined as the existing stock in Japan of non-portable, power-driven machines designed to shape metal by the progressive cutting away of stock in the form of chips or shavings, or by abrasive action.)

A total inventory of 200,000 units of a balanced type-size.

2. Coal Carbonization Industry

(Defined as plants and establishments primarily engaged in the production of high-temperature coke).

Capacity related to the coke-consuming industries and made surplus by reductions in these industries should be disposed of in accordance with paragraphs 5. a. and 6. of FEC-084/21.

3. Automotive Industry

(Defined as plants and establishments primarily engaged in the manufacturing of engines or chassis of standard size, passenger cars or trucks or in the assembly of finished vehicles of these types).

In effecting the reduction in the inventory of machine tools under the terms of paragraph 1. 1 (1) above, special attention should be paid to reducing capacity in the automotive industry to a level no higher than is necessary to meet the peaceful needs of Japan.

4. Shipping and Shipbuilding Industry

The steel merchant shipbuilding and ship repair industry and the merchant marine, fishing, whaling and cannery fleet will be dealt with in a subsequent paper. In the meantime the provisions of para. 3. of FEC-059/4 remain in force.

5. Primary War Facilities

Those facilities, included in primary war facilities as defined in paragraph 2. a. of FEC-084/21, which have been engaged in the production of military supplies essentially similar to civilian goods should be made available for reparations claim unless in the judgment of the Supreme Commander for the Allied Powers, they are needed to meet the peaceful needs of Japan as defined by the Far Eastern Commission in FEC-106/1. Such decisions should be communicated to the Far Eastern Commission together, if possible, with supporting data.

6. Industrial facilities not specified above but which are made superfluous because of reparations removals prescribed herein should be made available for reparations claim unless essential and economical uses commensurate with the peaceful needs of Japan as defined by the Far Eastern Commission are found for them in Japan. Decisions as to availability of such facilities should be made by SCAP. In applying the policy in this paragraph

China
150,000 (4/13/48)

FEC-RESTRICTED

special attention should be paid to facilities for the production of non-ferrous metals other than copper and nickel, abrasives and heavy electrical equipment, and to the inventory of cutting tools and secondary metal working machinery, and any facilities in these industries not removed as reparations should be disposed of in accordance with paragraph 6. of FEC 084/21.

7. This policy taken in conjunction with FEC-084/21 (Reduction of Japanese Industrial War Potential, approved 14 August 1947, and forwarded to SCAP as Directive Serial Number 87 of 23 August 1947) supersedes the following policies with the exception of para. 3. of FEC-059/4:

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FEC-059/6	Ball and Roller Bearing Industry	29 May 46	50	2 Jun 46
FEC-059/14	Iron and Steel Industries; Thermal Electric Power; Soda Ash, Chlorine, and Caustic Soda Industry	12 Jun 46	52	15 Jun 46
FEC-059/15	Privately owned Munitions Plants	20 Jun 46	53	25 Jun 46
FEC-059/21	Synthetic Oil and Synthetic Rubber Industry	12 Sep 46	59	18 Sep 46
FEC-059/29	Steel Rolling Industry	6 Dec 46	64	13 Dec 46
FEC-239/7	Temporary Retention of Electric Steel Furnaces	24 Jul 47	85	31 Jul 47
FEC-083/5	Assured Production Capacity Levels for Japan	20 Feb 47	71	7 Mar 47

MI-176/1FEC-RESTRICTEDMI-176/1 - Index to C2-24231 March 1948FAR EASTERN COMMISSIONMEMORANDUM FOR INFORMATION NO. 176/1INDEX OF MINUTES:
DISCUSSIONS ON LEVEL OF ECONOMIC LIFE IN JAPANNote by the Secretary General

1. The enclosure, an index of the minutes of Committee No 2: Economic and Financial Affairs and Steering Committee, dealing with the subject of Level of Economic Life in Japan (C2-242 series), is circulated herewith for the information of the Far Eastern Commission. The period covered extends from the 67th meeting of Committee No 2 on 17 July 1947 through the 95th meeting on 11 December 1947 and from the 87th meeting of the Steering Committee on 16 December 1947 through the 97th meeting on 23 March 1948.

2. The particular attention of the Steering Committee is invited to the enclosure.

NELSON T. JOHNSON
Secretary General

MI-176/1

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US views C2, 71st mtg., item 2, para. 7, 18 Aug 47

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 C2, 89th mtg., item 2, para. 1, 13 Nov 47

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Need for specific figure

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Neth views C2, 92nd mtg., item 5, para. 1, 24 Nov 47

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Can views C2, 78th mtg., item 2, para. 20, 11 Sep 47

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FEC-RESTRICTEDCopper Industry

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France views C2, 82nd mtg., item 3, para. 4, 25 Sep 47
C2, 88th mtg., item 5, para. 3, 6 Nov 47

India views C2, 82nd mtg., item 3, para. 4, 25 Sep 47

Neth views C2, 82nd mtg., item 3, para. 4, 25 Sep 47
C2, 88th mtg., item 5, para. 4, 6 Nov 47
C2, 89th mtg., item 2, para. 1, 3, 13 Nov 47

NZ views C2, 89th mtg., item 2, para. 3, 23 Nov 47

Phil views C2, 75th mtg., item 2, para. 6, 2 Sep 47
C2, 88th mtg., item 5, para. 3, 6 Nov 47
C2, 89th mtg., item 2, para. 3, 13 Nov 47

UK views C2, 75th mtg., item 2, paras. 6, 7, 2 Sep 47
C2, 82nd mtg., item 3, para. 4, 25 Sep 47
C2, 87th mtg., item 2, para. 8, 30 Oct 47
C2, 88th mtg., item 5, para. 4, 6 Nov 47
C2, 89th mtg., item 2, para. 1, 3, 13 Nov 47
C2, 93rd mtg., item 2, para. 6, 28 Nov 47

US views C2, 75th mtg., item 2, para. 6, 2 Sep 47
C2, 82nd mtg., item 3, para. 4, 25 Sep 47
C2, 87th mtg., item 2, para. 8, 30 Oct 47
C2, 88th mtg., item 5, paras. 3, 4, 6 Nov 47
C2, 89th mtg., item 2, para. 1, 3, 13 Nov 47
C2, 93rd mtg., item 2, para. 6, 28 Nov 47

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USSR views C2, 93rd mtg., item 2, para. 6, 28 Nov 47
 Vote taken C2, 88th mtg., item 5, para. 3, 6 Nov 47
 C2, 89th mtg., item 2, para. 2, 13 Nov 47
 C2, 93rd mtg., item 2, para. 6, 28 Nov 47

FEC Policies, Relationship to

China views C2, 86th mtg., item 2, para. 4, 23 Oct 47
 C2, 89th mtg., item 2, para. 1, 13 Nov 47
 India views C2, 86th mtg., item 2, para. 4, 23 Oct 47
 UK views C2, 86th mtg., item 2, para. 4, 23 Oct 47
 US views C2, 86th mtg., item 2, para. 4, 23 Oct 47
 Vote taken C2, 86th mtg., item 2, para. 4, 23 Oct 47

Ferroalloy Industry

China views C2, 79th mtg., item 2, para. 3, 15 Sep 47
 India views C2, 79th mtg., item 2, para. 3, 15 Sep 47
 Neth views C2, 79th mtg., item 2, para. 3, 15 Sep 47
 NZ views C2, 79th mtg., item 2, para. 3, 15 Sep 47
 Phil views C2, 79th mtg., item 2, para. 3, 15 Sep 47
 UK views C2, 86th mtg., item 2, para. 5, 23 Oct 47
 US views C2, 79th mtg., item 2, para. 3, 15 Sep 47
 C2, 86th mtg., item 2, para. 5, 23 Oct 47
 Vote taken C2, 86th mtg., item 2, para. 5, 23 Oct 47

Heavy Electrical Equipment

Aus views C2, 75th mtg., item 2, para. 9, 2 Sep 47
 China views C2, 75th mtg., item 2, para. 9, 2 Sep 47
 C2, 81st mtg., item 2, para. 13, 22 Sep 47
 Neth views C2, 81st mtg., item 2, para. 13, 22 Sep 47
 Phil views C2, 93rd mtg., item 2, para. 5, 28 Nov 47
 US views C2, 75th mtg., item 2, para. 9, 2 Sep 47
 C2, 81st mtg., item 2, para. 13, 22 Sep 47
 Vote taken C2, 81st mtg., item 2, para. 13, 22 Sep 47

Industrial Explosives

Can views C2, 80th mtg., item 4, para. 3, 18 Sep 47
 France views C2, 80th mtg., item 4, para. 3, 18 Sep 47
 India C2, 80th mtg., item 4, para. 3, 18 Sep 47
 UK views C2, 71st mtg., item 2, para. 9, 18 Aug 47
 C2, 72nd mtg., item 2, para. 1, 21 Aug 47
 C2, 80th mtg., item 4, para. 3, 18 Sep 47

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US views C2, 71st mtg., item 2, para. 9, 18 Aug 47
 C2, 72nd mtg., item 2, para. 1, 21 Aug 47
 C2, 80th mtg., item 4, para. 3, 18 Sep 47

Inventory of Machine Tools

Can views C2, 75th mtg., item 2, para. 2, 2 Sep 47
 China views C2, 75th mtg., item 2, para. 2, 2 Sep 47
 Neth views C2, 75th mtg., item 2, para. 2, 2 Sep 47
 NZ views C2, 75th mtg., item 2, para. 2, 2 Sep 47
 Phil views C2, 75th mtg., item 2, para. 2, 2 Sep 47
 UK views C2, 75th mtg., item 2, para. 2, 2 Sep 47
 US views C2, 75th mtg., item 2, para. 1, 2 Sep 47

Inventory of Secondary
 Metal Working Machinery

China views C2, 71st mtg., item 2, para. 6, 18 Aug 47
 UK views C2, 71st mtg., item 2, para. 6, 18 Aug 47

Iron and Steel Industry

China views C2, 69th mtg., item 2, para. 2, 7 Aug 47
 SC, 87th mtg., item 3, para. 7, 16 Dec 47
 France views C2, 70th mtg., item 2, para. 2, 14 Aug 47
 USSR views C2, 69th mtg., item 2, para. 1, 4, 7 Aug 47

Military uses in base period

China views C2, 69th mtg., item 2, para. 1, 7 Aug 47
 C2, 70th mtg., item 2, para. 3, 14 Aug 47
 UK views C2, 70th mtg., item 2, para. 3, 14 Aug 47
 USSR views C2, 70th mtg., item 2, paras. 1, 3, 14 Aug
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 US views C2, 69th mtg., item 2, para. 1, 7 Aug 47

Pig iron

China views C2, 69th mtg., item 2, para. 2, 7 Aug 47
 France views C2, 70th mtg., item 2, para. 2, 14 Aug 47
 UK views C2, 69th mtg., item 2, para. 2, 7 Aug 47

Steel ingots

Aus views C2, 69th mtg., item 2, para. 5, 7 Aug 47
 China views C2, 69th mtg., item 2, para. 2, 7 Aug 47
 C2, 70th mtg., item 2, para. 3, 14 Aug 47
 France views C2, 70th mtg., item 2, para. 2, 14 Aug 47
 UK views C2, 69th mtg., item 2, para. 2, 7 Aug 47
 C2, 70th mtg., item 2, para. 1, 14 Aug 47
 USSR views C2, 70th mtg., item 2, para. 3, 14 Aug 47

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Electric steel furnaces

Aus views C2, 69th mtg., item 2, para. 4, 7 Aug 47

China views C2, 70th mtg., item 2, para. 1, 14 Aug 47

India views C2, 69th mtg., item 2, para. 4, 7 Aug 47
C2, 70th mtg., item 2, para. 1, 14 Aug 47

Neth views C2, 69th mtg., item 2, paras. 3, 4, 7 Aug 47

UK views C2, 69th mtg., item 2, para. 4, 7 Aug 47
C2, 70th mtg., item 2, para. 1, 14 Aug 47

USSR views C2, 69th mtg., item 2, para. 3, 7 Aug 47
C2, 70th mtg., item 2, para. 1, 14 Aug 47

US views C2, 69th mtg., item 2, para. 3, 7 Aug 47
C2, 70th mtg., item 2, para. 1, 14 Aug 47

Basic shapes

France views C2, 70th mtg., item 2, para. 2, 14 Aug 47

UK views C2, 69th mtg., item 2, para. 2, 7 Aug 47

Machine Tool Industry

Aus views C2, 71st mtg., item 2, para. 3, 18 Aug 47
C2, 81st mtg., item 2, para. 10, 22 Sep 47
C2, 84th mtg., item 2, para. 3, 9 Oct 47

Can views C2, 81st mtg., item 2, paras. 8, 10, 22 Sep 47

China views C2, 71st mtg., item 2, paras. 4, 5, 18 Aug 47
C2, 75th mtg., item 2, para. 2, 2 Sep 47
C2, 80th mtg., item 4, para. 2, 18 Sep 47
C2, 81st mtg., item 2, paras. 8, 10, 22 Sep 47
C2, 84th mtg., item 2, para. 2, 9 Oct 47

France views C2, 81st mtg., item 2, para. 10, 22 Sep 47

India views C2, 86th mtg., item 2, para. 4, 23 Oct 47

Neth views C2, 81st mtg., item 2, paras. 8, 9, 10, 22 Sep 47

NZ views C2, 80th mtg., item 4, para. 2, 18 Sep 47
C2, 81st mtg., item 2, paras. 8, 10, 22 Sep 47

Phil views C2, 81st mtg., item 2, para. 10, 22 Sep 47

UK views C2, 71st mtg., item 2, paras. 4, 5, 18 Aug 47
C2, 75th mtg., item 2, para. 2, 2 Sep 47
C2, 80th mtg., item 4, para. 2, 18 Sep 47
C2, 81st mtg., item 2, paras. 8, 10, 22 Sep 47
C2, 84th mtg., item 2, para. 2, 9 Oct 47

USSR views C2, 81st mtg., item 2, para. 10, 22 Sep 47

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US views C2, 71st mtg., item 2, paras. 2, 3, 18 Aug
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 C2, 75th mtg., item 2, para. 1, 2 Sep 47
 C2, 80th mtg., item 4, paras. 2, 4, 18 Sep
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 C2, 81st mtg., item 2, paras. 8, 10, 22 Sep
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 C2, 86th mtg., item 2, para. 4, 23 Oct 47

Vote taken C2, 86th mtg., item 2, para. 4, 23 Oct 47

Oil Storage

Aus views C2, 76th mtg., item 2, para. 8, 4 Sep 47
 Can views C2, 76th mtg., item 2, para. 8, 4 Sep 47
 Neth views C2, 76th mtg., item 2, para. 8, 4 Sep 47
 NZ views C2, 76th mtg., item 2, para. 8, 4 Sep 47
 UK views C2, 76th mtg., item 2, para. 8, 4 Sep 47

Petroleum Refining Industry

Aus views C2, 76th mtg., item 2, para. 7, 4 Sep 47
 Can views C2, 76th mtg., item 2, para. 7, 4 Sep 47
 C2, 81st mtg., item 2, para. 6, 22 Sep 47
 China views C2, 81st mtg., item 2, para. 4, 22 Sep 47
 France views C2, 76th mtg., item 2, para. 7, 4 Sep 47
 India views C2, 76th mtg., item 2, para. 7, 4 Sep 47
 Neth views C2, 76th mtg., item 2, para. 7, 4 Sep 47
 C2, 81st mtg., item 2, para. 2, 22 Sep 47
 NZ views C2, 76th mtg., item 2, para. 7, 4 Sep 47
 C2, 81st mtg., item 2, para. 5, 22 Sep 47
 Phil views C2, 76th mtg., item 2, para. 7, 4 Sep 47
 UK views C2, 76th mtg., item 2, paras. 5, 6, 4 Sep 47
 C2, 81st mtg., item 2, para. 3, 22 Sep 47
 USSR views C2, 81st mtg., item 2, para. 6, 22 Sep 47
 US views C2, 76th mtg., item 2, paras. 5, 6, 4 Sep 47
 C2, 81st mtg., item 2, para. 2, 22 Sep 47
 C2, 86th mtg., item 2, para. 3, 23 Oct 47
 C2, 92nd mtg., item 5, para. 1, 24 Nov 47
 C2, 93rd mtg., item 2, para. 4, 28 Nov 47

Saving in foreign exchange

Aus views C2, 76th mtg., item 2, para. 7, 4 Sep 47
 UK views C2, 76th mtg., item 2, paras. 6, 7, 4 Sep 47

Diesel and Fuel oils

UK views C2, 76th mtg., item 2, para. 6, 4 Sep 47
 US views C2, 76th mtg., item 2, para. 5, 4 Sep 47
 C2, 81st mtg., item 2, para. 2, 22 Sep 47

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Can views	C2, 82nd mtg., item 3, para. 4, 25 Sep 47 C2, 89th mtg., item 2, para. 8, 13 Nov 47 C2, 91st mtg., item 2, paras. 2, 3, 20 Nov 47
China views	C2, 75th mtg., item 2, para. 5, 2 Sep 47 C2, 87th mtg., item 2, para. 7, 30 Oct 47 C2, 89th mtg., item 2, paras. 4, 6, 7, 8, 13 Nov 47 C2, 91st mtg., item 2, para. 1, 20 Nov 47
France views	C2, 82nd mtg., item 3, para. 4, 25 Sep 47 C2, 91st mtg., item 2, para. 1, 20 Nov 47
India views	C2, 82nd mtg., item 3, para. 4, 25 Oct 47 C2, 87th mtg., item 2, para. 7, 30 Oct 47
Neth views	C2, 89th mtg., item 2, paras. 4, 8, 13 Nov 47 C2, 91st mtg., item 2, paras. 1, 3, 20 Nov 47
NZ views	C2, 87th mtg., item 2, para. 7, 30 Oct 47 C2, 89th mtg., item 2, paras. 1, 2, 9, 13 Nov 47 C2, 91st mtg., item 2, paras. 1, 2, 20 Nov 47
Phil views	C2, 75th mtg., item 2, para. 4, 2 Sep 47 C2, 89th mtg., item 2, para. 2, 13 Nov 47
UK views	C2, 75th mtg., item 2, para. 4, 2 Sep 47 C2, 82nd mtg., item 3, para. 4, 25 Sep 47 C2, 87th mtg., item 2, para. 7, 30 Oct 47 C2, 89th mtg., item 2, para. 4, 5, 6, 8, 13 Nov 47 C2, 91st mtg., item 2, para. 1, 20 Nov 47 C2, 91st mtg., item 2, para. 2, 20 Nov 47
US views	C2, 75th mtg., item 2, paras. 4, 5, 2 Sep 47 C2, 82nd mtg., item 3, para. 4, 25 Sep 47 C2, 87th mtg., item 2, para. 7, 30 Oct 47 C2, 89th mtg., item 2, para. 4, 5, 6, 7, 8, 13 Nov 47 C2, 91st mtg., item 2, para. 1, 20 Nov 47
Vote taken	C2, 89th mtg., item 2, paras. 2, 4, 5, 13 Nov 47 C2, 91st mtg., item 2, para. 1, 20 Nov 47

Railway Equipment Industry

Aus views	C2, 73rd mtg., item 2, para. 5, 25 Aug 47
Can views	C2, 73rd mtg., item 2, para. 5, 25 Aug 47
China views	C2, 73rd mtg., item 2, paras. 3, 5, 25 Aug 47 C2, 78th mtg., item 2, para. 26, 11 Sep 47 C2, 80th mtg., item 4, para. 4, 18 Sep 47
France views	C2, 73rd mtg., item 2, para. 5, 25 Aug 47

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India views C2, 73rd mtg., item 2, para. 5, 25 Aug 47

Neth views C2, 73rd mtg., item 2, paras. 2, 3, 25 Aug
47
C2, 78th mtg., item 2, para. 28, 11 Sep 47
C2, 80th mtg., item 4, para. 4, 18 Sep 47

NZ views C2, 73rd mtg., item 2, para. 5, 25 Aug 47

UK views C2, 73rd mtg., item 2, paras. 3, 4, 5,
25 Aug 47

USSR views C2, 73rd mtg., item 2, paras. 4, 5, 25 Aug
47

US views C2, 73rd mtg., item 2, para. 3, 25 Aug 47
C2, 78th mtg., item 2, para. 25, 11 Sep 47
C2, 80th mtg., item 4, para. 4, 18 Sep 47

Vote taken C2, 78th mtg., item 2, para. 29, 11 Sep 47
C2, 82nd mtg., item 3, para. 3, 25 Sep 47

Reparations Program, Relation to

Aus views C2, 75th mtg., item 2, para. 6, 2 Sep 47

Can views C2, 87th mtg., item 2, paras. 1, 4, 30 Oct
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China views C2, 67th mtg. item 4, para. 6, 17 Jul 47
C2, 68th mtg., item 2, paras. 10, 14,
24 Jul 47
C2, 70th mtg., item 2, para. 1, 14 Aug 47
C2, 73rd mtg., item 2, para. 7, 25 Aug 47
C2, 75th mtg., item 2, para. 6, 2 Sep 47
C2, 76th mtg., item 2, para. 3, 4 Sep 47
C2, 87th mtg., item 2, para. 2, 30 Oct 47
SC, 87th mtg., item 3, para. 8, 16 Dec 47

Neth views C2, 68th mtg., item 2, para. 3, 24 Jul 47
C2, 73rd mtg., item 2, para. 7, 25 Aug 47
C2, 76th mtg., item 2, para. 1, 4 Sep 47
C2, 92nd mtg., item 5, para. 1, 24 Nov 47
C2, 93rd mtg., item 2, para. 3, 28 Nov 47

Phil views C2, 75th mtg., item 2, paras. 4, 6, 2 Sep 47

UK views C2, 68th mtg., item 2, para. 11, 24 Jul 47
C2, 73rd mtg., item 2, paras. 4, 7, 8,
25 Aug 47
C2, 76th mtg., item 2, para. 2, 4 Sep 47
C2, 87th mtg., item 2, para. 2, 30 Oct 47

USSR views C2, 70th mtg., item 2, para. 4, 14 Aug 47
C2, 73rd mtg., item 2, para. 4, 25 Aug 47

US views C2, 70th mtg., item 2, paras. 7, 8, 14 Aug
47
C2, 71st mtg., item 2, para. 2, 18 Aug 47
C2, 75th mtg., item 2, para. 6, 2 Sep 47
C2, 76th mtg., item 2, para. 2, 4 Sep 47
C2, 78th mtg., item 2, para. 21, 11 Sep 47
C2, 80th mtg., item 4, para. 2, 18 Sep 47

Secondary Metal Working Machinery

Aus views C2, 71st mtg., item 2, paras. 3, 5, 18 Aug
47
C2, 84th mtg., item 2, para. 3, 9 Oct 47

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China views	C2, 71st mtg., item 2, para. 6, 18 Aug 47 C2, 75th mtg., item 2, para. 2, 2 Sep 47 C2, 84th mtg., item 2, para. 2, 9 Oct 47 C2, 85th mtg., item 2, para. 2, 23 Oct 47
India views	C2, 84th mtg., item 2, para. 2, 9 Oct 47
Neth views	C2, 71st mtg., item 2, para. 5, 18 Aug 47 C2, 84th mtg., item 2, para. 2, 9 Oct 47
NZ views	C2, 84th mtg., item 2, para. 2, 9 Oct 47 C2, 86th mtg., item 2, para. 2, 23 Oct 47
UK views	C2, 71st mtg., item 2, paras. 4, 5, 18 Aug 47 C2, 75th mtg., item 2, para. 2, 2 Sep 47 C2, 84th mtg., item 2, para. 3, 9 Oct 47
US views	C2, 71st mtg., item 2, paras. 2, 3, 18 Aug 47 C2, 75th mtg., item 2, para. 1, 2 Sep 47 C2, 80th mtg., item 4, para. 2, 18 Sep 47 C2, 84th mtg., item 2, paras. 2, 3, 9 Oct 47
Vote taken	C2, 85th mtg., item 2, para. 2, 23 Oct 47

Soda Ash, Caustic Soda and
Chlorine Industry

China views	C2, 93rd mtg., item 2, para. 3, 28 Nov 47
Neth views	C2, 93rd mtg., item 2, para. 3, 28 Nov 47
UK views	C2, 93rd mtg., item 2, para. 3, 28 Nov 47
US views	C2, 93rd mtg., item 2, para. 3, 28 Nov 47

Soda Ash

Aus views	C2, 78th mtg., item 2, para. 13, 11 Sep 47
China views	C2, 78th mtg., item 2, para. 14, 11 Sep 47
Neth views	C2, 78th mtg., item 2, paras. 12, 13, 11 Sep 47
UK views	C2, 78th mtg., item 2, para. 12, 11 Sep 47
USSR views	C2, 78th mtg., item 2, para. 14, 11 Sep 47

Caustic soda

Neth views	C2, 72nd mtg., item 2, para. 6, 21 Aug 47
UK views	C2, 72nd mtg., item 2, para. 7, 21 Aug 47 C2, 84th mtg., item 2, para. 4, 9 Oct 47

Chlorine Industry

Aus views	C2, 78th mtg., item 2, para. 13, 11 Sep 47
China views	C2, 72nd mtg., item 2, para. 7, 21 Aug 47 C2, 78th mtg., item 2, para. 14, 11 Sep 47 SC, 87th mtg., item 3, para. 7, 16 Dec 47
Neth views	C2, 72nd mtg., item 2, paras. 6, 7, 21 Aug 47

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C2, 78th mtg., item 2, paras. 12, 13,
11 Sep 47
C2, 80th mtg., item 4, para. 1, 18 Sep 47

UK views C2, 78th mtg., item 2, para. 12, 11 Sep 47

USSR views C2, 78th mtg., item 2, para. 14, 11 Sep 47

US views C2, 72nd mtg., item 2, para. 7, 21 Aug 47

Subcommittee Report

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Aus views C2, 67th mtg., item 4, para. 7, 17 Jul 47
C2, 68th mtg., item 2, paras. 6, 13,
24 Jul 47
C2, 70th mtg., item 2, para. 5, 14 Aug 47

China views C2, 67th mtg., item 4, paras. 2, 3, 4, 5,
6, 17 Jul 47
C2, 68th mtg., item 2, paras. 7, 10, 14,
24 Jul 47

France views C2, 70th mtg., item 2, para. 2, 14 Aug 47

India views C2, 68th mtg., item 2, para. 16, 24 Jul 47

Neth views C2, 68th mtg., item 2, paras. 2, 3, 4, 5,
24 Jul 47

NZ views C2, 68th mtg., item 2, para. 15, 24 Jul 47

UK views C2, 68th mtg., item 2, paras. 11, 16,
24 Jul 47
C2, 70th mtg., item 2, para. 5, 14 Aug 47

USSR views C2, 70th mtg., item 2, para. 3, 14 Aug 47

US views C2, 68th mtg., item 2, para. 12, 24 Jul 47
C2, 70th mtg., item 2, para. 5, 14 Aug 47

Technological changes

China views C2, 68th mtg., item 2, para. 9, 24 Jul 47

UK views C2, 68th mtg., item 2, para. 11, 24 Jul 47

Sulphuric Acid Industry

Aus views C2, 72nd mtg., item 2, para. 2, 21 Aug 47
C2, 78th mtg., item 2, para. 13, 11 Sep 47

China views C2, 72nd mtg., item 2, para. 4, 21 Aug 47
C2, 78th mtg., item 2, para. 4, 11 Sep 47
SC, 87th mtg., item 3, para. 7, 16 Dec 47

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France views	C2, 72nd mtg., item 2, para. 4, 21 Aug 47 C2, 78th mtg., item 2, para. 6, 11 Sep 47
India views	C2, 78th mtg., item 2, paras. 2, 8, 11, 11 Sep 47
Neth views	C2, 72nd mtg., item 2, para. 5, 21 Aug 47 C2, 78th mtg., item 2, paras. 2, 5, 11, 13, 11 Sep 47
UK views	C2, 72nd mtg., item 2, para. 2, 21 Aug 47 C2, 78th mtg., item 2, paras. 2, 12, 11 Sep 47
USSR views	C2, 72nd mtg., item 2, para. 2, 21 Aug 47 C2, 78th mtg., item 2, para. 14, 11 Sep 47
US views	C2, 72nd mtg., item 2, para. 5, 21 Aug 47 C2, 78th mtg., item 2, para. 7, 11 Sep 47
Vote taken	C2, 78th mtg., item 2, para. 11, 11 Sep 47

Escape clause for fertilizer production

China views	C2, 72nd mtg., item 2, para. 3, 21 Aug 47 C2, 78th mtg., item 2, para. 4, 11 Sep 47
France views	C2, 72nd mtg., item 2, para. 4, 21 Aug 47 C2, 78th mtg., item 2, para. 6, 11 Sep 47
India views	C2, 78th mtg., item 2, para. 8, 11 Sep 47
Neth views	C2, 72nd mtg., item 2, para. 5, 21 Aug 47 C2, 78th mtg., item 2, para. 5, 11 Sep 47
UK views	C2, 78th mtg., item 2, para. 2, 11 Sep 47
US views	C2, 72nd mtg., item 2, paras. 3, 5, 21 Aug 47 C2, 78th mtg., item 2, paras. 3, 7, 11 Sep 47
Vote taken	C2, 78th mtg., item 2, para. 9, 11 Sep 47

Percentage of purity

France views	C2, 72nd mtg., item 2, para. 4, 21 Aug 47
Neth views	C2, 72nd mtg., item 2, para. 4, 21 Aug 47

Synthetic Oil Industry

Aus views	C2, 76th mtg., item 2, para. 6, 4 Sep 47
China views	C2, 76th mtg., item 2, para. 3, 4 Sep 47
France views	C2, 76th mtg., item 2, para. 5, 4 Sep 47
India views	C2, 76th mtg., item 2, para. 6, 4 Sep 47
Neth views	C2, 76th mtg., item 2, paras. 1, 2, 6, 4 Sep 47

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NZ views C2, 76th mtg., item 2, para. 6, 4 Sep 47
 Phil views C2, 76th mtg., item 2, para. 6, 4 Sep 47
 UK views C2, 76th mtg., item 2, paras. 1, 2, 5,
 4 Sep 47
 US views C2, 76th mtg., item 2, paras. 2, 4, 5,
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Synthetic Rubber Industry

China views C2, 78th mtg., item 2, para. 2, 15 Sep 47

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Aus views SC, 92nd mtg., item 5, paras. 3, 4, 17 Feb 48
 SC, 94th mtg., item 2, para. 14, 2 Mar 48
 Can views SC, 96th mtg., item 3, para. 14, 16 Mar 48
 China views SC, 87th mtg., item 3, paras. 6, 7, 8, 9,
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 SC, 96th mtg., item 3, para. 15, 16 Mar 48
 France views SC, 87th mtg., item 3, para. 4, 16 Dec 47
 SC, 94th mtg., item 2, paras. 1, 6, 2 Mar 48
 India views SC, 94th mtg., item 2, paras. 12, 13, 18,
 2 Mar 48
 Neth views SC, 87th mtg., item 3, paras. 2, 15, 16 Dec
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 SC, 93rd mtg., item 5, para. 4, 24 Feb 48
 NZ views SC, 87th mtg., item 3, paras. 13, 14, 16 Dec
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 SC, 93rd mtg., item 5, para. 4, 24 Feb 48
 SC, 94th mtg., item 2, paras. 7, 9, 15, 17,
 2 Mar 48
 UK views SC, 87th mtg., item 3, para. 12, 16 Dec 47
 SC, 90th mtg., item 2, para. 1, 20 Jan 48
 SC, 93rd mtg., item 5, para. 5, 24 Feb 48
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 2 Mar 48
 SC, 96th mtg., item 3, paras. 4 thru 13,
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 US views SC, 87th mtg., item 3, para. 11, 16 Dec 47
 SC, 94th mtg., item 2, para. 5, 2 Mar 48
 Vote taken C2, 95th mtg., item 2, para. 6, 11 Dec 47
 Reservations listed C2, 95th mtg., item 2, para. 6, 11 Dec 47
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 Reports by Chairman SC, 94th mtg., item 2, para. 19, 2 Mar 48
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 committee SC, 96th mtg., item 3, para. 1, 16 Mar 48

MI-172/1FEC-RESTRICTEDMI-172/17 January 1948FAR EASTERN COMMISSIONMEMORANDUM FOR INFORMATION NO. 172/1JAPANESE MERCHANT MARINENote by the Secretary General

1. The enclosures, extracts from the list of vessels under SCAJAP control as of 1 November 1947 (QS15, Serial 2813), is circulated herewith for the information of the Far Eastern Commission.

2. The particular attention of COMMITTEE NO. 2: ECONOMIC AND FINANCIAL AFFAIRS is invited to the enclosures in connection with its study of the Level of Economic Life in Japan (C2-242).

3. Enclosure "A" contains a list of steel vessels over 2,000 g.r.t. Enclosure "B" contains a summary of all Japanese vessels, both steel and wooden of 100 g.r.t. and over. Enclosure "C" contains a list of vessels of over 2,000 g.r.t. which were under construction. Enclosure "D" contains a summary of definitions.

NELSON T. JOHNSON
Secretary General

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ENCLOSURE "A"LIST OF STEEL JAPANESE VESSELS
(EXTRACT SHOWING ALL VESSELS OVER 2000 G.R.T.)

<u>Name of Vessel</u>	<u>SCAJAP No.</u>	<u>Type</u>	<u>Gross Tons</u>	<u>Speed*</u>	<u>Status</u>
ARIMASAN	A016	Cargo	8696	17	Voyage Repairs
AYAKIKU	A065	Cargo	2900		Operable
BAIKAL	B001	Training Ship	5266	13.5	Laid Up
BINGO	B002	Semi-Cargo	4642	11.5	Operable
BIYO	B003	Cargo	5479	7	Major Repairs
CHITOSE	C005	Semi-Cargo	2668	11.5	Operable
CHIYOTAMA	C008	Cargo	2215	9.5	Operable
CHUEI	X001	Tanker	10240	13	Voyage Repairs
CHUWA	C028	Cargo	2237		Voyage Repairs
DAIBOSHI	D013	Cargo	2388	9	Voyage Repairs
DAIFU	D033	Cargo	7251	12	Operable
DAIGEN	D002	Cargo	2221	9	Major Repairs
DAIGETSU	D040	Cargo	2911		Operable
DAIHA NO. 1	D003	Cargo	6889	7	Salvable
DAIHO	X056	Tanker	10045	12	Voyage Repairs
DAIKU	D005	Cargo	6886	10	Operable
DAIKAI NO. 1	D006	Cargo	6872	9	Voyage Repairs
DAIKAI NO. 2	D007	Cargo	6868	9	Voyage Repairs
DAIKICHI	D008	Cargo	2220	9	Voyage Repairs
DAIRETSU	D012	Cargo	6859	10	Voyage Repairs
DAISUI	D015	Cargo	9957	13	Laid Up
DAITAKU NO. 1	D016	Cargo	6888	10	Voyage Repairs
DAIUN NO. 2	D034	Cargo	2851	12	Operable
DAIZUI	D020	Cargo	6872	9	Voyage Repairs
DATE	D021	Cargo	2220	9	Voyage Repairs
DONAN	D031	Cargo	2864	12	Operable
DOSHI	D023	Cargo	2274		Salvable
DOUN	D024	Cargo	2220	9	Operable
ECHIZEN	E001	Cargo	2220	9	Voyage Repairs
EHIKO	E004	Cargo	6888	10	Operable
EIHO	E005	Cargo	6888	10	Voyage Repairs
EIJIN	E007	Cargo	6968	9.5	Operable
EIROKU	E008	Cargo	6923	9.5	Voyage Repairs
EIRYAKU	E009	Cargo	6890	10	Laid Up
EISHO I	E010	Cargo	6888	9	Operable
EITOKU	E014	Cargo	6923	9.5	Voyage Repairs
ENBUN	E015	Cargo	6919	9.5	Operable
ENCHO	E025	Cargo	6888	10	Operable
ENKEI	E026	Cargo	6892	7	Major Repairs
ENRYAKU	E018	Cargo	6925	7	Laid Up
ENSHU	E019	Cargo	6872	9	Operable
ESUTORU	E021	Cargo	3295	9	Major Repairs
EZAN	E020	Cargo	6891	10	Operable
FLOATING CRANE NO. 3325	F033	Floating Crane	3527		Operable
FUJISAN	F006	Cargo	10238	13	Laid Up
GASSAN	G001	Semi-Cargo	4515	13	Possibly salvable
GYOKUEI	X002	Tanker	10241	11	Possibly salvable
HACHIREI	H001	Cargo	2217	9	Operable

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HAKURYU	H004	Semi-Cargo	3181	13	Voyage Repairs
HAKUSAN	H005	Semi-Cargo	4351	14.5	Operable
HARADA	H011	Semi-Cargo	4114	13.5	Laid Up
HASHIDATE	X004	Whaler	10798	16.5	Major Repairs
HIKACHI	H021	Cargo	6008	11	Laid Up
HIKAWA	H022	Semi-Cargo	11621	15	Major Repairs
HINO NO. 8	H024	Cargo	2220	9	Voyage Repairs
HINO NO. 10	H053	Cargo	2220	5	Operable
HINO NO. 11	H056	Cargo	2220	9	Major Repairs
HINO NO. 12	H060	Cargo	2239	8	Operable
HITACHI NO. 4	H029	Cargo	2862	12	Voyage Repairs
HOEI	H035	Cargo	6859	8	Operable
HOJO	H044	Cargo	2215	9.5	Voyage Repairs
HOJYO	X007	Tanker	2417	7	Operable
HOKUJU	H036	Cargo	4246	10	Operable
HOKUSEN	H037	Semi-Cargo	2256	10	Voyage Repairs
HOSOSHIMA	H059	Cargo	2829	9.5	Operable
HYUGA	H030	Cargo	5244	11	Voyage Repairs
IKI	I036	Passenger- Ferry	3519	14	Voyage Repairs
IKI	I008	Cargo	2221	9	Major Repairs
ISHIKARI	I038	Train Ferry	3146	13	Operable
JAKARUTA	J001	Cargo	6859	9	Voyage Repairs
JINTSUGAWA	J002	Cargo	6859	9	Major Repairs
KAIFUKU	K004	Cargo	2220	9	Operable
KAIO	K107	Training Ship	2283	8	Operable
KANKYO	K022	Cargo	2933	10	Requisitioned
KASUGASAN	K031	Cargo	2427	10	Voyage Repairs
KAZAN	K189	Semi-Cargo	2103		Major Repairs
KAZUURA	K034	Cargo	6804	13	Possibly Salvable
KEIFUKU	K111	Passenger	3628	10	Operable
KEISHO	K101	Cargo	2611	10	Voyage Repairs
KENKOKU	K043	Cargo	6919	8.5	Major Repairs
KINKAI	K049	Cargo	2220	8	Voyage Repairs
KINRYU	K051	Cargo	6524	10	Voyage Repairs
KINSEI	K160	Cargo	2220		Major Repairs
KINSEN	K052	Cargo	3081	10	Requisitioned
KINSHO	K147	Cargo	2788	9.5	Voyage Repairs
KINYO	K053	Cargo	2220	9	Operable
KITAKATA	K057	Cargo	2218	9	Major Repairs
KIYO	K058	Cargo	2793	9	Major Repairs
KIYOKAWA	K095	Cargo	6862	18	Salvable
KIYOTADA	K143	Cement Carrier	3079	12	Operable
KIZAN	K166	Cargo	6859		Operable
KOAN	K086	Passenger	7079	20	Operable
KOCHO	K061	Cargo	6888	10	Possibly Salvable
KOEI	K063	Cargo	2487	9	Operable
KOEI	K125	Cargo	6774	9	Voyage Repairs
KOKOKU	H046	Semi-Cargo	3847	15	Requisitioned
KOKYU	K069	Cargo	2220	9	Operable
KONEI	K088	Semi-Cargo	3222	13	Operable
KONGO	K123	Passenger	7081	20	Major Repairs
KOSHO	K108	Semi-Cargo	3378	15	Laid Up
KOYO	K077	Cargo	2748	8.5	Voyage Repairs
KUMANO	K112	Cargo	9502	16	Operable
KYODO NO. 3	K083	Cargo	2220	9	Operable
KYUYO	X018	Tanker	2830	9.5	Voyage Repairs
MALAY NO. 2	M080	Cargo	2864		Voyage Repairs
MEIJI	M016	Cargo	2215	9.5	Operable
MEIKAI	M070	Cargo	4925	10	Major Repairs
MEISHO	X019	Tanker	2854	9.5	Voyage Repairs
MEIYU	M018	Cargo	6869	9	Major Repairs

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MITSUSHIMA	X020	Tanker	10045	13	Voyage Repairs
MOKUSEI	M042	Cargo	2217	9.5	Operable
MUKAHI	M053	Cargo	6888	10	Voyage Repairs
MUNAKATA I	M044	Cargo	3310	10	Operable
NANEI	X097	Tanker	2816	8.5	Voyage Repairs
NICHIGYOKU	NO18	Cargo	6903	10	Operable
NIIGATA	NO29	Semi-Cargo	2069	9.5	Voyage Repairs
NIPPON	NO54	Training Ship	2283	10	Operable
NISSHIN	NO62	Cargo	2864	10	Voyage Repairs
NISSHIN NO. 1	NO68	Whaler	11781	13	Major Repairs
NISSHO I	NO32	Semi-Cargo	6526	15	Voyage Repairs
NOTO	NO55	Cargo	2220	9	Major Repairs
OESAN	P001	Cargo	6892	10	Operable
OHMI	P004	Cargo	2220	9	Operable
RIKUSHIN	R012	Cargo	2809		Operable
RITSUEI	X035	Tanker	2860	10	Major Repairs
SAGA	S004	Cargo	2150	10	Salvable
SAGAMIGAWA	S005	Cargo	6886	10	Possibly Salvable
SEIKAN NO. 6	S144	Train Ferry	2802	14	Voyage Repairs
SAMARANG	S011	Semi-Cargo	4013	10	Voyage Repairs
SANDIEGO	X041	Tanker	7268	12	Major Repairs
SANTO	S016	Semi-Cargo	3266	11	Major Repairs
SEIGA	S019	Cargo	2090	10	Major Repairs
SEIKAN NO. 7	S105	Train Ferry	2283	13	Operable
SEIKAN NO. 8	S100	Train Ferry	2850	12	Major Repairs
SEIKAN NO. 11	S106	Train Ferry	2283	13	Voyage Repairs
SEIKAN NO. 12	S115	Train Ferry	3150	15.5	Operable
SEISHO	X044	Tanker	2834	10	Voyage Repairs
SENJO	S023	Cargo	2220	9	Voyage Repairs
SEIZAN	S152	Cargo	2218		Voyage Repairs
SETTSU	S026	Cargo	9670	16	Major Repairs
SHINANO	S028	Cargo	6254	10	Voyage Repairs
SHINKA	S120	Cargo	2929	10	Voyage Repairs
SHINKO	S095	Cargo	2577	11	Voyage Repairs
SHINSEI	S118	Cargo	2211	8	Voyage Repairs
SHINSEI NO. 6	S047	Cargo	2217	9	Voyage Repairs
SHINTOKU	S154	Training Ship	2519		Voyage Repairs
SHINYO	S057	Cargo	6888	9.5	Voyage Repairs
SHINYU I	S059	Cargo	6957	10	Major Repairs
SHIRAKAMISAN	S107	Cargo	4926	10	Voyage Repairs
SHOHO	X052	Tanker	10045	13	Laid Up
SHOKEI	S117	Passenger	3620	15	Operable
SHONAN	S109	Cargo	2862	7	Operable
SHOSHIN	S104	Cargo	2219	6	Voyage Repairs
SHOZAN	S078	Cargo	6890	10	Possibly Salvable
SHUNSHO	S082	Cargo	6190	10	Operable
SOEI	X055	Tanker	2835	10	Operable
SORACHI	S083	Cargo	4107	11	Operable
SOYA	S111	Passenger	3593	11.5	Voyage Repairs
SOYA	S119	Cargo	2207	9	Operable
SUMIYO SHI	S087	Cargo	2211	9	Voyage Repairs
TADOTSU	X091	Whale Meat Carrier	9976		Major Repairs
TAIAN	T004	Cargo	5411	9.5	Operable
TAIEI	T005	Cargo	2938	7	Operable
TAIKYU	D242	Cargo	6872		Major Repairs
TAISEI	T009	Cargo	2523	6	Voyage Repairs
TAISHO	X057	Tanker	2854	7	Voyage Repairs
TAKASAGO I	T014	Semi-Cargo	9347	16	Operable

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TAKUZAN	T021	Cargo	2752	7	Major Repairs
TATSUHARU	T031	Cargo	6354	16	Operable
TATSUHI	T032	Cargo	6890	10	Major Repairs
TATSUISE	T107	Cargo	6902	7	Voyage Repairs
TATSUKIYO	T120	Cargo	2866	12	Operable
TATSUMIYA	T160	Cargo	6343		Major Repairs
TATSUTSUJU	T040	Cargo	2220	7	Salvable
TATSUYASU	T041	Cargo	2857	7	Operable
TENKO	T048	Cargo	2221	9	Requisitioned
TENYO	T145	Whale Meat Carrier	10269	13	Operable
TETSUYO	T054	Cargo	2130	11	Operable
TETSUZAN	T113	Cargo	2196		Voyage Repairs
TOA	X063	Tanker	10022	16.5	Major Repairs
TOBATA	T055	Cargo	7243	12	Operable
TOJO	X064	Tanker	10045	13	Laid Up
TOKITSU	T166	Semi-Cargo	9553		Voyage Repairs
TOKUJU	T081	Passenger	3637	17	Voyage Repairs
TOMON	T066	Cargo	2220	9	Voyage Repairs
TONEGAWA	T118	Cargo	7222	12	Operable
TOSHU	T068	Cargo	2115	9	Voyage Repairs
TOYA	T239	Train Ferry	3800		Operable
TOYO I	T069	Cargo	2225	9	Major Repairs
TOYO NO. 1	T070	Cargo	2227	10	Operable
TOYO NO. 2	T119	Cargo	2217	9	Voyage Repairs
TOYO NO. 5	T124	Cargo	2220	9	Operable
TOYOTAMA	T074	Cargo	2215	9.5	Operable
TSUKUSHI	T127	Semi-Cargo	8135	11	Operable
TSURUOKA	T080	Cargo	9960	12	Operable
TSUSHIMA	T123	Cargo	2211	8	Voyage Repairs
UJINA	U032	Cargo	2250		Operable
UNYO NO. 1	U031	Cargo	2039		Major Repairs
UNZEN	U014	Semi-Cargo	3140	13	Operable
WAKAKUSA	X075	Tanker	2830	9.5	Operable
WAYO	W001	Cargo	7114	12	Voyage Repairs
YAHIKO	Y035	Cargo	6888	10	Operable
YAMADONO	Y011	Cargo	6888	9.5	Operable
YAMADORI	Y012	Cargo	2925	13	Voyage Repairs
YAMAMIZU NO. 5	X070	Tanker	9965	10	Major Repairs
YAMAMURA	Y016	Cargo	6859	9	Voyage Repairs
YAMAZONO	Y039	Cargo	6948	10	Laid Up
YAMAZUMI	Y018	Cargo	6859	8	Operable
YOKO	Y042	Cargo	7224	12.5	Operable
YONEYAMA	Y024	Cargo	6907	9	Major Repairs
YORO NO. 2	Y050	Cargo	2231		Voyage Repairs
YOZUI	Y029	Cargo	2220	9	Major Repairs
YUKIKAWA	Y030	Cargo	4501	13	Operable
YUYO	Y033	Cargo	9866	8	Salvable
ZUIUN	Z001	Cargo	10042	12	Operable

*Speed was not shown in the SCAJAP list for 1 November 1947 and these figures have been taken from the previous list, SCAJAP QS15/106 of 1 March 1947.

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The following vessels which have not been assigned SCAJAP numbers are included in a list of vessels designated as salvable or possibly salvable:

AIZAN MARU	2210	Salvable
ENDAI MARU	3461	Salvable
FUEI MARU	2822	Salvable
GINSEI MARU	2218	Salvable
HYUGA MARU	9687	Salvable
KASEI MARU	2220	Salvable
KENAN MARU	2220	Salvable
KENYO MARU	2219	Salvable
SHOKO MARU	2209	Salvable
TAIGEN MARU	2221	Salvable
TAMON MARU NO. 16	6886	Salvable
YOJO MARU	2220	Salvable
YOSHIN MARU	2820	Salvable
ASAMA MARU	4892	Possibly Salvable
HAYAHY MARU	6919	Possibly Salvable
KINKO MARU	6868	Possibly Salvable
NICHINAN MARU	5175	Possibly Salvable
SEIKAN MARU NO. 1	2450	Possibly Salvable
SEIKAN MARU NO. 5	2850	Possibly Salvable

FEC-RESTRICTEDENCLOSURE "B"SUMMARY OF JAPANESE VESSELS
(100 g.r.t. and Over)STEEL

<u>Type of Vessels</u>	<u>Number of Vessels</u>	<u>Total G/T</u>
Cargo	520	1,006,846
Passenger	25	49,529
Semi-Cargo	68	124,183
Passenger Ferry	99	28,444
Train Ferry	15	24,811
Tanker	86	162,584
Fishing	137	20,848
Fish Carrier	23	12,810
Trawler	54	17,637
Whaler	4	23,265
Whale Meat Carrier	2	20,245
Whale Catcher	36	9,561
Training	10	17,673
Tug	153	25,996
Salvage Ship	19	8,221
Dredge	29	15,393
Oil Barge	8	1,607
Water Barge	8	2,206
Miscellaneous	46	21,933
Salvable (Type not shown)	64	86,481
Possibly Salvable (Type not shown)	32	41,259
Total	1,438	1,721,532

WOODEN

Cargo	1,542	243,722
Tanker	84	14,116
Tug	33	4,385
Fishing	45	5,683
Miscellaneous	51	8,768
Total	1,755	276,674

Enclosure "B"

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FEC-RESTRICTEDENCLOSURE "C"

JAPANESE STEEL VESSELS UNDER CONSTRUCTION*
 (EXTRACT SHOWING ALL VESSELS OVER 2,000 G.R.T.)

<u>Name or No. of Vessel</u>	<u>Type</u>	<u>Gross Tons</u>	<u>Estimated Time of Completion</u>
AYAGIKU (2TM1)	Cargo	2,900	Nov 47
D1	Cargo	2,100	Jun 48
DAISETSU NO. 1 (3A1)	Cargo	7,200	Mar 48
DOHOKU (3D2)	Cargo	3,000	Mar 48
ETOROFU (2A35)	Cargo	6,869	Mar 48
HAKODATE (1401)	Semi-Cargo	2,000	Apr 48
HIMI (2D9)	Cargo	2,220	Oct 47
HITAKA (W10)	Railway Ferry	2,850	May 48
ISHIKANIGAWA (2A34)	Cargo	6,869	Feb 48
KAISHIN (2TM25)	Cargo	2,800	Nov 47
KANJU (S-15)	Dredger	2,300	
KENSHIN (2D8)	Cargo	2,300	May 48
KITAMI (W9)	Railway Ferry	2,850	Dec 47
MANJU (S 14)	Dredger	2,300	
MASHU (S1)	Railway Ferry	3,500	Mar 48
SENYO (3D1)	Cargo	3,000	Mar 48
TENYO NO. 2 (1TL13)	Whale Meat Carrier	10,400	Nov 47
TOKACHI (H2)	Railway Ferry	2,850	Dec 47
TOSHIMA (H3)	Railway Ferry	2,850	Feb 48
TOYA (S1)	Railway Ferry	3,500	Oct 47
YOTEI (S2)	Railway Ferry	3,500	Feb 48
3D2	Cargo	3,000	Feb 48

*AS of 1 November 1947 there were 159 steel vessels aggregating 151,945 grt and 453 wooden vessels aggregating 92,069 grt under construction.

FEC-RESTRICTEDENCLOSURE "D"EXPLANATION OF TONNAGES

Vessels are designed for a particular purpose. Some of them are designed to carry cargo, others for passengers or troops and, in some instances, both cargo, and troops. Often vessels are built to carry bulk ore or loaded freight cars taken directly from the rails and loaded into the ships. Whatever the intent of the design, these vessels have the following definite standard by which they are classified:

Gross tons	Displacement, loaded
Net tons	Cargo deadweight tons
Register tons	Grain cubic
Deadweight tons	Bale cubic
Displacement, light	Measurement or ship ton
	Weight ton

GROSS TONS: The entire internal cubic capacity of the ship expressed in tons of 100 cubic feet to the ton, except certain spaces which are exempted, such as: peak and other tanks for water ballast, open forecastle bridge and poop, excess of hatchways, certain light and air spaces, domes and skylights, condenser, anchor gear, steering gear, wheel house, galley cabins for passengers and some other items.

NET TONS: The tonnage of a ship remaining after certain deductions have been made from the gross tonnage expressed in tons of 100 cubic feet to the ton. Among the deductions are crew spaces, navigation spaces, shaft trunks, master's cabin, donkey engine and boiler, percentage of propelling machinery space, and other items.

REGISTER TONS: Register tonnage is applicable to both gross and net; in other words, it can be expressed as gross register tonnage or net register tonnage. As a general rule it is used with reference to net tonnage.

DEADWEIGHT TONS: The carrying capacity of a ship in tons of 2,240 pounds. The difference between the "displacement, light" and the "displacement, loaded".

DISPLACEMENT LIGHT: The weight of the ship excluding cargo, passengers, fuel, water, stores, dunnage, and such other items which are necessary for use on a voyage.

DISPLACEMENT, LOADED: The weight of the ship including cargo, passengers, fuel, water, stores, dunnage, and such other items necessary for use on a voyage, which brings the vessel down to her load draft.

CARGO DEADWEIGHT TONS: The number of tons (2,240 pounds per ton) which remains after deducting fuel, water, stores, dunnage, and such other items necessary for use on a voyage, from the deadweight of the vessel.

GRAIN CUBIC: The maximum space available for cargo measured in cubic feet, the measurements being taken to the inside of the shell plating of the ship or to the outside of the frames and to the top of the beams or under side of deck plating. In other words, if a bulk cargo were loaded, such as grain, it would flow in between the frames and beams and occupy the maximum space available.

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BALE CUBIC: The space available for cargo measured in cubic feet to the inside of the cargo battens, on the frames, and to the under side of the beams. In a general cargo of mixed commodities the bale cubic applies. The stowage of the mixed cargo comes in contact with the cargo battens and as a general rule does not extend to the skin of the ship.

MEASUREMENT OR SHIP TON: Calculated as 40 Cubic feet, volumetric or space measurement. (Abbreviated, M/T.) See "Bale Cubic" above. Example, a vessel having capacity of 10,000 M/T has a bale cubic of 400,000 cubic feet.

WEIGHT TON: Calculated as a long ton (2,240 pounds). (Abbreviated, W/T).

DEFINITION OF A VESSEL'S STATUS

1. OPERABLE: A vessel that is operating or capable of operation.
2. VOYAGE REPAIRS: An operating vessel that is scheduled to remain under repair for a period less than 30 days.
3. MAJOR REPAIRS: A vessel that is scheduled to remain under repair for a period in excess of 30 days. A vessel's status changes from inactive, laid-up, or inoperable status to major repairs status when funds, parts, or yard facilities are available to commence repairs.

A vessel's status changes from salvable to major repairs when refloated and delivered to yard facilities for repairs.
4. INACTIVE, LAID-UP, INOPERATIVE: A vessel that is unable to secure funds, parts, or yard facilities for repairs.
5. ALTERATION REPAIRS: A vessel that is undergoing a major alteration or conversion.
6. RESTITUTION REPAIRS: A vessel that is undergoing repairs under authority from SCAP for restitution.
7. SALVABLE: A vessel that has been surveyed and officially declared as capable of being salvaged.
8. POSSIBLY SALVABLE: A damaged vessel that has neither been officially declared a total loss or salvable.
9. TOTAL LOSS: A vessel that has been officially reported as total loss by the Japanese Government. This vessel is incapable of salvage.
10. SCRAP: A vessel that is being scrapped by authority of SCAP after being declared a total loss.

DEFINITIONS OF TYPES OF JAPANESE VESSELS

1. CARGO: Vessel exclusively employed for the carriage of cargo with accommodations for not more than 12 passengers.
2. PASSENGER: Passenger carrying vessel of over 500 gross tons, with little or no capacity for cargo.

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3. SEMI-CARGO: Vessel built for a combination of cargo and passengers, having accommodations for over 13 passengers but not a passenger ship.
4. PASSENGER FERRY: Passenger vessel being used exclusively on short sea routes; under 500 gross tons.
5. TRAIN FERRY: Vessel used to carry railroad cars on rails placed on deck.
6. TANKER: Vessel exclusively built for carrying oil or other liquid cargo in bulk in subdivided tanks.
7. FISHING VESSEL: Vessel exclusively employed for fishing; either angling or netting.
8. FISH CARRIER: Fish carrying vessel with fish wells in the holds or refrigerated spaces.
9. FISHERY PATROL: Vessel owned by the Government for the sole purpose of supervising fishing activities.
10. FISHERY RESEARCH: Vessel with scientific equipment for research pertaining to fishing.
11. FISHERY TRAINING: Vessel employed in training students of Fishery Training Schools.
12. TRAWLER: Fishing vessel especially designed for trawl fishing with tackle to support trawl nets.
13. WHALER: Mother ship for whale catchers with factory for disposal of whales and storage of whale oil and meat.
14. WHALE MEAT CARRIER: Vessel employed to carry whale meat.
15. WHALE CATCHER: Sturdy small boat with sharply sheered bow with ample flare, equipped with a whale gun mounted on platform on the bow.
16. REFRIGERATOR: Cargo vessel; the greater part of the hold space refrigerated.
17. CABLE LAYER: Vessel equipped with cable laying apparatus and cable tanks.
18. WEATHER SHIP: Vessel equipped with apparatus for weather observation at sea.
19. HOSPITAL SHIP: Floating Hospital.
20. TRAINING SHIP: Seamen training vessel owned or employed by the Nautical College or other Training Schools.

SC-242/20FEC-RESTRICTEDSC-242/2016 December 1947FAR EASTERN COMMISSION

LEVEL OF ECONOMIC LIFE IN JAPAN:
POLICY TOWARDS JAPANESE INDUSTRY
(Reference: SC-242/19)

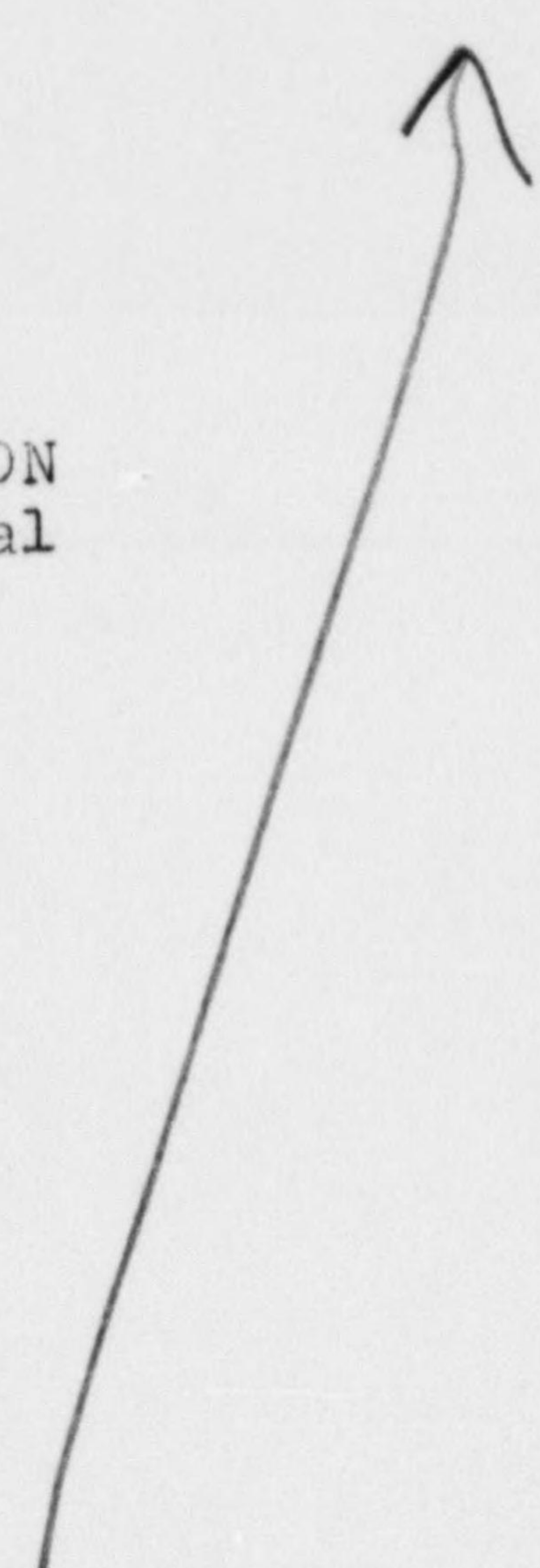
Note by the Secretary General

1. At the eighty-third meeting of the Steering Committee on 16 December 1947, the specific reservation of the French Member as recorded in paragraph 2 of the cover page of SC-242/19 was changed to a general reservation on the entire paper.

2. At the same meeting the reservation of the Canadian Member as recorded in paragraph 2 of the cover page of SC-242/19 was withdrawn.

NELSON T. JOHNSON
Secretary General

*This didn't
happen on
all copies, did it*



SC-242/20

No.

SC-242/21FEC-RESTRICTEDSC-242/2117 February 1948FAR EASTERN COMMISSIONLEVEL OF ECONOMIC LIFE IN JAPAN: POLICY TOWARDS JAPANESE INDUSTRYNote by the Secretary General

1. The following summary of the position of countries on SC-242/19 to date as expressed in the Steering Committee has been compiled by the Secretariat and is circulated herewith for the information of the Steering Committee:

Australia: prepared to discuss as setting levels on an interim basis; general reservation on matters of detail (92nd SC Mtg.)

Canadian: reserved on para. 1c (1) only in case parts (a) and (b) should be considered separately (92nd SC Mtg.) *Ready to vote & approve*

China: general reservation (cover page SC-242/19)

France: general reservation (SC-242/20)

India: no reservation (92nd SC Mtg.)

Netherlands: ~~unrecorded~~ *Prepared to vote*

N Z.: reserved right to introduce new views - *Prepared to vote - (except light metals - etc.)*
(92nd SC Mtg.)

Philippine. general reservation (cover, SC-242/19)

U.S.S.R.: general reservation (cover, SC-242/19)

U. K.: ~~unrecorded~~ *Prepared to favor paper*

U. S. general reservation (cover, SC-242/19)

NELSON T. JOHNSON
Secretary General

SC-242/21

SC-242/22FEC-RESTRICTEDSC-242/2227 February 1948FAR EASTERN COMMISSIONLEVEL OF ECONOMIC LIFE IN JAPAN:
POLICY TOWARDS JAPANESE INDUSTRY

(References: C2-242 series, FEC-218 series)

Note by the Secretary General

1. The enclosures, consisting of proposed amendments to SC-242/19 and an explanatory memorandum submitted by the Chinese member of the Steering Committee, are circulated herewith for the consideration of the STEERING COMMITTEE.

2. Enclosure "A" reproduces those sections of SC-242/19 to which amendments are proposed with the amendments indicated by lining-out and underscoring.

3. Enclosure "B" consists of an explanatory memorandum by the Chinese Member of the Steering Committee regarding the amendments proposed in Enclosure "A".

4. Enclosure "C" consists of statistical charts on the caustic soda and soda ash industries and on the generation and consumption of electric energy.

Fn - hearer to their views -

NELSON T. JOHNSON
Secretary General

SC-242/22

FEC-RESTRICTEDENCLOSURE "A"CHINESE PROPOSED AMENDMENTS TO SC-242/19,
LEVEL OF ECONOMIC LIFE IN JAPAN:
POLICY TOWARDS JAPANESE INDUSTRY

I. Amend paragraph 1 and 1 a as follows:

1. Japanese The capacity in the following Japanese war-supporting industries in excess of the amounts stated below should be disposed of in accordance with paragraphs 5. a. and 6. of FEC-084/21.

a. Iron and Steel Industry

(Defined as plants and establishments primarily engaged in the production of pig iron steel ingots, basic shapes or ferroalloys).

(1) Pig Iron

Capacity to produce ~~2,000,000~~ 1,580,000 metric tons annually.

(2) Steel Ingots

Capacity to produce ~~3,500,000~~ 2,500,000 metric tons annually, including all existing Bessemer capacity.

(3) Basic Shapes

Capacity to produce ~~2,650,000~~ 2,100,000 metric tons annually.

(4) Ferroalloys

Capacity to produce ~~39,000~~ 28,000 metric tons annually.

II. Amend paragraph 1 c (1) as follows:

(1) Aluminum

(a) Alumina and primary aluminum

~~Capacity to produce 22,000 metric tons of alumina and 10,000 metric tons of primary aluminum annually.~~

Nil.

(b) Rolled, drawn and extruded shapes

Capacity to produce ~~25,000~~ 15,000 metric tons of shapes annually. Such capacity should exclude any facilities specifically designed to produce aluminum for use in the aircraft industry.

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III. Amend paragraph 1 f (3) as follows:

(3) Soda Ash, Caustic Soda and Chlorine Industry

(Defined as plants and establishments engaged in: (a) the production of soda ash including integrated facilities for the conversion of soda ash into caustic soda; or (b) the production of caustic soda and chlorine by the electrolytic process).

(a) Capacity to produce ~~500,000~~ 412,200 metric tons of soda ash annually.

(b) Capacity to produce ~~282,500~~ 243,200 metric tons of caustic soda annually, of which ~~200,000~~ 177,200 metric tons should be capacity for production from soda ash, and the remaining ~~82,500~~ 66,000 metric tons should be capacity for production by the electrolytic process.

(c) Capacity to produce ~~75,000~~ 60,000 metric tons of chlorine annually by the electrolytic process.

IV. Amend paragraph 1 h as follows:

h. Thermal Electric Power Industry

(Defined as plants and establishments primarily engaged in the production of electric energy through the use of fuel as the basic energy source).

Capacity to produce and deliver to the line at the power plants an aggregate of ~~2,100,000~~ 1,500,000 kilowatts.

V. Add the following new paragraph 7; original paragraph 7 to become paragraph 8.

The provisions of this policy should not be interpreted as excluding the reparations removals for such categories of industrial facilities other than those specified herein for the purpose of reducing the Japanese industrial war potential.

FEC-RESTRICTEDENCLOSURE "B"EXPLANATORY MEMORANDUM BY CHINESE MEMBER OF THE STEERING COMMITTEE
REGARDING PROPOSED AMENDMENTS TO SC-242/19, LEVEL OF ECONOMIC
LIFE IN JAPAN; POLICY TOWARDS JAPANESE INDUSTRY1. Iron and Steel Industrya. Finished Steel (basic shapes) and Steel Ingots

Japan's requirements for finished steel (basic shapes) are calculated as follows:

The average annual consumption of finished steel in all forms in Japan was approximately 2.35 million metric tons for the period 1930-34. After deducting 25 percent* for direct and indirect military use, peaceful needs amounted to an annual average of approximately 1.77 million metric tons.

* Consumption of Finished Steel for Direct and Indirect Military Uses - No adequate statistical data on military uses of steel by Japan during the 1930-34 period are available. However, it is possible to arrive at an approximate figure for that part of the direct military uses related to the army and navy by projecting the finished steel distribution to the army and navy for the years from 1938-43 to 1930-34. The details of the study was submitted by the Chinese member of Sub-committee 2 of Committee No. 2: Economic and Financial Affairs, and incorporated as Enclosure D, Section 1, in the document on Level of Economic Life in Japan: Policy Towards Japanese Industry and Shipping (C2-242).

According to the study, the average steel distribution to the Japanese army and navy in the 1930-34 period amounted to approximately 180,000, metric tons annually, or 7.5% of the average total annual consumption.

Although available data are not sufficient for determining the amount of steel which was used in the air force or for indirect military purposes, including stock piling, it is reasonable to presume that the amount of steel devoted to such purposes must be considerable, judging by Japan's rapid increase in her industrial capacity of war supporting industries during the period. In view of the foregoing, it is believed that the estimate that 25% of the steel were devoted to direct and indirect military uses during the period, is a reasonable figure.

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It is estimated that the population in Japan in 1950 will be greater than the average population in 1930-34 by approximately 19 percent. Japanese requirements for domestic peaceful needs in 1950 are estimated at approximately 2.1 million metric tons. With an estimated 80 to 85 percent recovery rate of steel ingots, the production of 2.1 million metric tons of finished steel will require a production of about 2.5 million metric tons of steel ingots.

b. Pig Iron

Requirements of pig iron for the manufacture of 2.5 million metric tons of steel ingots are calculated as follows:

(1) It is estimated that in 1950, there will be approximately 1,000,000 metric tons of scrap available for steel production.

(2) "Self-generative" scrap (defined as the difference between the tonnage of finished steel production and the consumption of ingot steel in the processing) will amount to about 400,000 metric tons, or 15 to 20 percent of 2.5 million metric tons of steel ingots.

(3) 1,100,000 tons of pig iron will be required to supplement the 1,400,000 tons indicated in (1) and (2) above.

This ratio of 44 to 56 of pig iron to scrap is technically feasible. In addition to pig iron required for steel production, the average annual consumption for iron casting in 1930-34 was about 530,000 metric tons. With due allowance for population increase and deducting 25% as military consumption, the requirement for 1950 is estimated to be approximately 480,000 metric tons. Thus total pig iron requirements would be about 1,580,000 metric tons.

c. Ferroalloy

Requirements of ferroalloy for the manufacture of 2.5 million metric tons of steel ingots were based on the ratio of ferroalloy to steel production. Figures for 1930-34 suggest a ratio of one ton of ferroalloy per 90 tons of steel. On this basis, the ferroalloy capacity is estimated at 28,000 tons.

2. Light Metal Industry

The light metal industry was built up almost entirely for the purpose of preparing for war regardless of cost. Even in the period 1930-34, when such preparations had already been made, nearly all her requirements were imported in the form of ingots, bars, blocks and slaks.

Facilities other than primary aluminum facilities are available in Japan that could be used for reprocessing at least the major part of the existing scrap into aluminum which is suitable for producing civilian goods.

Under the provisions of the Interim Reparations Removal Program, rolling capacity adequate to handle 15,000 metric tons of fabricated aluminum annually is to be left in Japan. Such equipment should, however, be of a general purpose character and can be retained from any surplus available in other branches of the

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non-ferrous metals industry. It has been the presumption of the Commission that the surplus facilities in non-ferrous metals industry are more than 15,000 metric tons per annum. 1/

It is believed that the background against which the provisions of the Interim Reparations Removal Program regarding light metals were adopted, remains unchanged. However, the Chinese Delegation is prepared to accept the present wording with the understanding that the retention capacity still remains to be 15,000 metric tons per annum.

3. Chemical Industry

Soda Ash, Caustic Soda and Chlorine: - In considering the levels to be fixed in the soda ash, caustic soda, and chlorine industries, the Chinese Delegation has taken into consideration the probable level of production in the synthetic fibre industry. According to the Rayon Program for Japan, prepared by the Textile Division, Economic and Scientific Section of SCAP, (MI-077/1), Japan has a potential production capacity, after repairs to existing plants, for 150,000 metric tons filament yarn and staple fibre per annum. The amount of rayon pulp required to support such a production is about 187,000 metric tons per annum. The Chinese Delegation has adopted SCAP's capacity figure for the purpose of calculating requirements of Soda Ash, Caustic Soda and Chlorine in the synthetic fibre industry in "1950". 2/

a. Chlorine - The 1930-34 average domestic consumption of chlorine (38,000 metric tons annually) projected to "1950" would require a production of 45,000 metric tons. During the period of 1930-34, production of rayon pulp was negligible. Chlorine required for the 187,000 metric tons of rayon pulp, which it has been assumed that Japan will be able to produce in "1950" and which will amount to about 9,350 metric tons, will have, therefore, to be added in its entirety to the figure of 45,000. If additional new uses of chlorine due to technological changes are considered necessary, the Chinese Delegation would further allow another 5,000 metric tons per annum for such uses, bringing total requirements in "1950" to 60,000 metric tons.

b. Caustic Soda - Caustic Soda may be produced either by the electrolysis of salt, in which case chlorine is produced as a by-product, in the ratio of about 10 tons of chlorine to 11 tons of caustic soda; or by the conversion of salt to soda ash and the conversion of the latter to caustic soda, in which case 3 tons of soda ash are required to produce 2 tons of caustic soda. In view of the capacity to be retained in the chlorine industry, viz. 60,000 metric tons, it is possible to produce 66,000 metric tons of caustic soda by electro process.

Additional requirements of caustic soda for Japan should be obtained by the conversion of soda ash. The total domestic consumption of caustic soda in 1930-34 amounted to 101,300 metric tons, of which 44,000 metric tons were used in the production of synthetic fibre and 57,300 metric tons for all other uses. Allowing for the increase of population, it

1/ See: Draft proposals concerning an Interim Reparations Removal Program for Japan. (C1-001) page 17.

2/ The acceptance of SCAP's estimates of rayon capacity as a basis for calculation should not, however, be interpreted to prevent removal of rayon pulp or rayon plants for reparations. Should it be decided that rayon pulp or rayon plants be made available for reparations, the proposed figures may require revision.

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is estimated that on this basis 68,200 metric tons will be required for all uses except the production of synthetic fibre for which 165,000 metric tons will be required in making a total of 233,200 metric tons.

In the base period Japan exported a little less than 10,000 metric tons per annum on the average. The Chinese Delegation, therefore, proposes that the capacity to be retained should be sufficient to produce 243,200 metric tons annually of which about 177,200 metric tons would be produced from soda ash.

c. Soda Ash - The average domestic consumption of soda ash in 1930-34 was about 195,000 metric tons, of which 72,000 metric tons were required for the production of caustic soda, leaving 123,000 tons for all other purposes. Allowing for the increase in population, these other requirements are estimated at 146,400 metric tons. In addition, the estimated requirements of 177,200 metric tons of caustic soda by conversion of soda ash will require 265,800 tons of soda ash. Since no deduction has been made for exports to other countries for the year 1930-33, in the available figures for 1930-34, a margin for possible exports has already been allowed. The Chinese Delegation, therefore, proposes that the capacity to be retained should be sufficient to produce 412,200 metric tons annually.

4. Thermal Electric Power Industry

Japan's requirements for thermal electric generating capacity are calculated as follows:

The total capacity of electric generating plants in 1930-1934 averaged 4,892,000 kw. comprising 3,100,000 kw. from hydro plants and 1,793,000 kw. from thermal plants. It is assumed that in dry seasons, hydro-electric plants could only be operated at approximately two-third (2/3) of its normal capacity. On this basis, the total generating capacity of both hydro and thermal plants during the base period was 3,859,000 kw. Allowing for an increase in population of approximately 19 percent, Japan's requirements for peaceful needs in the year "1950" are estimated at about 4,592,000 kw. with no deduction made for electric power devoted to military uses in the 1930-34 period.

The present total generating capacity amounts to 10,294,000 kw., of which 6,337,000 kw. is of hydro and 3,957,000 kw. of thermal plants. Even if allowance is made for the dry season, the total hydro-electric generating capacity, it is estimated, could not be lower than 4,224,000 kw., which will be sufficient to meet 92% of Japan's requirements in "1950" in accordance with the above calculations.

Furthermore, the heaviest load of the thermal plants in January, the "dry month" of the peak war production year, 1943, amounted to only 1,500,000 kw. but in that year, more than 19 percent of the electric energy consumption was employed directly in army and navy arsenals and in light metal plants alone. If an appropriate amount is to be deducted as consumption in other war supporting industries, notably the iron, steel and chemical industries, the actual requirements for stand-by thermal capacity would be much lower.

In the light of these considerations it is clear that Japan has an excessive electric power generating capacity, and that retention of thermal electric facilities rated at 1,500,000 kw. should provide with a margin of safety, ample productive capacity to meet all legitimate needs in "1950".

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CHART II

Soda Ash

Metric Tons

Year	Production	Imports	Exports		Apparent Consumption
			Empire Area	Other	
1930	57,233	65,206	1,207	<u>1/</u>	121,232
1931	93,244	54,336	1,196	<u>1/</u>	146,384
1932	134,802	46,355	1,375	<u>1/</u>	181,157
1933	272,150	46,447	1,341	<u>1/</u>	317,256
1934	170,622	37,139	5,133	11,945	207,761
Average					194,758

1/ Figures not available.

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CHART III

CAPACITY OF ELECTRIC GENERATING PLANTS

Thousands of Kw.

Period	All Plants		
	Total	Hydro	Thermal
1930	4,501	2,949	1,552
1931	4,688	3,035	1,653
1932	4,912	3,112	1,800
1933	5,043	3,162	1,881
1934	5,316	3,244	2,072
1935	5,758	3,383	2,375
1936	6,544	3,728	2,816
1937	6,978	3,925	3,053
1938	7,561	4,246	3,315
1939	8,315	4,678	3,637
1940	9,075	5,128	3,947
1941	9,431	5,369	4,062
1942	9,767	5,654	4,113
1943	9,950	5,889	4,061
1944	10,053	6,070	3,983
1945	10,199	6,240	3,959
1946	10,251	6,298	3,953
1947	10,294	6,337	3,957
Average 1930-34	4,892	3,100	1,793

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CHART IV

ELECTRIC ENERGY GENERATION

Millions of KWH

Period	All Japan		
	Total	Hydro	Thermal
Yearly Average			
1931	13,824	12,504	1,320
1932	14,520	13,236	1,284
1933	16,284	14,652	1,632
1934	18,192	15,408	2,784
1935	20,196	17,160	3,036
1936	22,488	18,504	3,984
1937	24,744	20,760	3,984
1938	26,988	21,864	5,124
1939	29,112	22,980	6,132
1940	29,484	22,488	6,996
1941	30,972	24,492	6,480
1942	33,444	28,392	5,052
1943	33,072	26,076	6,996
1944	34,284	28,236	6,048
1945	32,580	28,524	4,056
1946	20,064	19,524	540
Average 1931-34	15,708	13,944	1,752

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CHART V

ELECTRIC ENERGY CONSUMPTION, JAPAN
1943 (fiscal year)¹
CLASSIFIED BY TYPE OF CONSUMER
 (1,000,000 kwh)

CONSUMER	1943	PERCENT
Army arsenals	397.8	1.26
Navy arsenals	671.3	2.13
Shipyards	318.6	1.01
Aircraft	1,197.3	3.79
Army and Navy supplies	433.9	1.37
Pig iron	638.6	2.02
Steel	1,431.2	4.53
Special steels	1,892.7	5.99
Ferro-alloys	1,111.0	3.52
Other steel	323.9	1.03
Aluminum	3,050.5	9.66
Magnesium	238.0	.75
Other light metals	14.7	.05
Coal	2,231.0	7.06
Liquid fuels	134.9	.43
Metallic mining and refining	1,533.2	4.85
Calcium carbide	1,117.0	3.54
Calcium cyanamid	53.8	.17
Soda	579.2	1.83
Carbon electrodes	356.7	1.13
Abrasives	213.4	.68
Ammonium sulphate	1,395.9	4.42
Nitric acid	319.2	1.01
Other chemicals	190.8	.60
Cements	507.8	1.61
Other ceramics	52.1	.16
Metal products	244.0	.77
Machinery production	495.1	1.57
Motor cars	45.8	.14
Railway cars and locomotives	130.6	.41
Electric power construction	69.4	.22
Electric railways	1,860.9	5.89
Public utilities	614.7	1.95
Other large consumers	1,864.0	5.90
Small consumers	3,453.7	10.94
Electric light service	2,403.8	7.61
<u>TOTAL</u>	<u>31,586.5</u>	<u>100.00</u>

1. The fiscal year in the Japanese electric power industry begins on 1 April and closes on 31 March

SC-242/23FEC-RESTRICTEDSC-242/2327 February 1948FAR EASTERN COMMISSIONLEVEL OF ECONOMIC LIFE IN JAPAN: POLICY TOWARDS JAPANESE INDUSTRYNote by the Secretary General

The following revised summary of the positions of countries on SC-242/19 as expressed to date in the Steering Committee has been compiled by the Secretariat and is circulated herewith for the information of the Steering Committee:

Australia: prepared to discuss as setting levels on an interim basis; general reservation on matters of detail (92nd SC Mtg.)

Canadian: favor; reserved on para. 1c (1) only in case parts (a) and (b) should be considered separately (92nd and 93rd SC Mtg.)

China: amendments circulated as SC-242/22, 26 February 1948

France: *stat* ~~general reservation (SC-242/20)~~

India:

~~no reservation (92nd SC Mtg.)~~ *accept 242/19*

Netherlands: favor (93rd SC Mtg.)

New Zealand: prepared to vote against paragraph c on light metals industry; otherwise prepared to vote in favor (93rd SC Mtg.)

Philippines: general reservation (cover, SC-242/19)

U.S.S.R.: general reservation (cover, SC-242/19)

United Kingdom: generally favor (93rd SC Mtg.)

U. S.: general reservation (cover, SC-242/19)

NELSON T. JOHNSON
Secretary General

SC-242/23

SC-242/24FEC-RESTRICTEDSC-242/2419 March 1948FAR EASTERN COMMISSIONTECHNICAL VIEWS BY THE FRENCH MEMBER ON THE SUBCOMMITTEE FOR
LEVEL OF ECONOMIC LIFE IN JAPAN: POLICY TOWARDS
JAPANESE INDUSTRY

(References: C2-242 series, FEC-218 series)

Note by the Secretary General

1. The enclosure, a statement of technical views by the French Member presented to the Subcommittee for Level of Economic Life in Japan: Policy Towards Japanese Industry, is circulated herewith for the information of the STEERING COMMITTEE.

2. The French Delegation reserves its rights to propose amendments to SC-242/19 on the basis of the above technical views.

NELSON T. JOHNSON
Secretary General

SC-242/24

FEC-RESTRICTEDE N C L O S U R ETECHNICAL VIEWS BY THE FRENCH MEMBER ON THE SUBCOMMITTEE FOR
LEVEL OF ECONOMIC LIFE IN JAPAN: POLICY TOWARDS
JAPANESE INDUSTRY

1. The following industries should be prohibited in Japan; Army and Navy arsenals, aircraft industry, privately-owned munitions plants, synthetic rubber industry, synthetic essential oils industries, chemical production and gas of direct war use, vacuum tube industry.

2. The following levels should be established:

(a) For Iron and Steel Industries

Pig Iron 1,500,000 tons, steel ingots 2,500,000 tons basic shapes 2,000,000 tons.

(b) For Ferroalloys

A production of 27,000 tons.

(c) For Aluminum

(1) Alumina and primary aluminum -- nil

(2) Rolled, drawn and extruded shapes--a production of 25,000 tons to be attained in 5 yrs. including export requirements.

(d) Sulphuric acid, a production of 3,000,000 tons at 50° Beaume, concentration to 100% being forbidden.

(e) Nitric acid, a production of 30,000 tons.

(f) Sulphate of aluminum, a production of 362,500 tons.

(g) Hydrogen peroxide, a production of 400 tons at 100%.

(h) Thermal electric power, a production at the line of the power plants of 1,350,000 kilowatts.

3. The French Delegation has no objection to the adoption of other levels as stated in SC-242/19.

SC-242/25FEC-RESTRICTEDSC-242/2522 March 1948FAR EASTERN COMMISSION

LEVEL OF ECONOMIC LIFE IN JAPAN: POLICY TOWARDS JAPANESE
INDUSTRY (REPORT OF AD HOC SUBCOMMITTEE)
(References: C2-242 Series; FEC-218 Series)

Note by the Secretary General

1. The enclosure, a report by the chairman of the ad hoc Subcommittee appointed to consider amendments to the proposed policy on Level of Economic Life in Japan: Policy Towards Japanese Industry (SC-242/19) submitted by the Chinese Representative (SC-242/22) and technical views submitted by the French Representative (SC-242/24), is circulated herewith for the consideration of the STEERING COMMITTEE.

2. It was pointed out that there was a typographical error in paragraph 2 f of SC-242/24 and that the word "aluminum" should be amended to read "ammonia".

NELSON T. JOHNSON
Secretary General

SC-242/25

FEC-RESTRICTEDE N C L O S U R ELEVEL OF ECONOMIC LIFE IN JAPAN: POLICY TOWARDS JAPANESE INDUSTRY
AD HOC SUBCOMMITTEE OF STEERING COMMITTEE TO CONSIDER AMENDMENTS
TO SC-242/19 PROPOSED BY CHINESE REPRESENTATIVE (SC-242/22) AND
TECHNICAL VIEWS SUBMITTED BY THE FRENCH REPRESENTATIVE (SC-242/24)REPORT BY CHAIRMAN

1. In the course of the three meetings which it has held the ad hoc Subcommittee has studied the Chinese amendments and French technical views. The ad hoc Subcommittee has confined itself to a purely technical consideration, and has taken into account further technical data presented by the Chinese and French Representatives.

2. Referring to the Chinese amendments in SC-242/22, the views taken by individual representatives were clarified as follows:

Paragraph 1 (a), Iron and Steel.

The Chinese and French representatives supported the amendments. The Canadian, Netherlands, U. K. and U. S. representatives opposed them.

Paragraph 1 (c) (1) (a) Alumina and Primary Aluminum.

The Chinese and French representatives supported this amendment. The Netherlands, U. K. and U. S. representatives opposed it. The Canadian representative opposed the amendment on the understanding that his attitude was based more on a desire to support the compromise expressed in SC-242/19 than on purely technical considerations.

Paragraph 1 (c) (1) (b), Aluminum Rolled, Drawn and Extruded Shapes

The Chinese representative supported this amendment. The Canadian, Netherlands, U. K. and U. S. representatives opposed it. The French representative stated that he could accept either the amendment or the original provision in SC-242/19 since he did not object to the higher figure provided it included provision for exports.

Paragraph 1 (f) (3), Soda Ash, Caustic Soda and Chlorine.

The Chinese representative supported the amendments. The Canadian, Netherlands, U. K. and U. S. representatives opposed them. The French representative stated that he had no objection to the provisions of SC-242/19.

Paragraph 1 (h), Thermal Electric Power.

The Chinese and French representatives supported the amendments. The Canadian, Netherlands, U. K. and U. S. representatives opposed it.

Paragraph 8

The majority of the Subcommittee considered that this involved a matter of policy outside its competence.

FEC-RESTRICTED

3. Referring to the French technical views in SC-242/24, the Subcommittee's attitude was as follows:

Paragraph 1

The Subcommittee considered that all the industries mentioned except two were already effectively prohibited by the Commission policy on Reduction of Japanese Industrial War Potential (FEC-084/21). In regard to the two industries not covered, "Synthetic Essential Oils Industry" and the "Vacuum Tube Industry", the French representative stated that these should be prohibited as being war supporting industries. This appears to be a policy matter involving FEC-084/21 in which war supporting industries are specified, and the Subcommittee did not feel it-self competent to discuss it. The same considerations apply to paragraph 2 (g), "Hydrogen Peroxide Industry".

Paragraph 2 (a), Iron and Steel; 2 (b), Ferro-Alloys; 2 (c) (1) Alumina and Primary Aluminum; and 2 (h), Thermal Electric Power.

Separate consideration of these paragraphs is not necessary. They differ from the corresponding Chinese amendments in a minor degree and for the general convenience the French representative stated that he would withdraw them in favor of the Chinese amendments to which he gave his support.

Paragraphs 2 (c) (2), Aluminum Rolled, Drawn and Extruded Shapes and 2 (e), Nitric Acid

The French representative withdrew these proposals which were found to be satisfied by SC-242/19 as drafted.

Paragraph 2 (d), Sulphuric Acid.

The French representative supported his proposal. The Netherlands, U. K. and U. S. representatives opposed it. The Canadian representative reserved his position and the Chinese representative reserved his position pending the submission of supporting data by the French representative. The majority of the Subcommittee saw no reason for prohibiting concentration to 100% on security grounds and considered the proposal technically impracticable especially in view of the fact that some contact plants would remain in Japan.

Paragraph 2 (f), Sulphate of Ammonia.

It was pointed out that the figure proposed did not appear to be consistent with the French proposal for the sulphuric acid industry. In order that he might clarify the situation, the French representative withdrew this proposal, reserving his right to submit an amendment at a later stage.

4. In regard to the whole of the foregoing, the Indian representative stated that he did not support the Chinese or French amendments on the basis of the technical information which had so far been supplied but he wished to reserve his position in case further information should be provided.

5. The Philippine representative abstained from expressing views at the Subcommittee stage.

SC-242/26FEC-RESTRICTEDSC-242/2631 March 1948FAR EASTERN COMMISSIONLEVEL OF ECONOMIC LIFE IN JAPAN:
POLICY TOWARD JAPANESE INDUSTRY
(Reference: SC-242/19)Note by the Secretary General

The following summary of the positions of Steering Committee delegations on SC-242/19, as expressed at the ninety-eighth meeting of the Steering Committee on 30 March, is circulated herewith for the information of the Committee, and replaces SC-242/23 and SC-242/21:

Australia	- maintains general reservation in the absence of instructions
Canada	- favorable
China	- has submitted amendments in SC-242/22
France	- has submitted technical views in SC-242/22; maintains general reservation
India	- generally favors
Netherlands	- favorable with certain minor reservations
New Zealand	- generally favors but opposed to paragraph <u>g</u>
Philippines	- maintains general reservation
USSR	- no instructions
United Kingdom	- generally favorable
United States	- no instructions

NELSON T. JOHNSON
Secretary General

SC-242/26

SC-242/27FEC-RESTRICTEDSC-242/277 April 1948FAR EASTERN COMMISSION

LEVEL OF ECONOMIC LIFE IN JAPAN:
POLICY TOWARD JAPANESE INDUSTRY
(Reference: SC-242/19)

Note by the Secretary General

The Steering Committee, at its ninety-ninth meeting on 6 April 1948 approved the following two amendments to SC-242/19, submitted by the Chinese Member:

(a) amend paragraph 1 as follows:

1. Japanese The capacity in the following Japanese war-supporting industries in excess of the amounts stated below should be disposed of in accordance with paragraphs 5 a and 6 of FEC-084/21.

(b) add the following new paragraph as paragraph 7:

"The provisions of this policy should not be interpreted as excluding reparations removals from categories of industrial facilities other than those specified herein"; and renumber present paragraph 7 as paragraph 8.

NELSON T. JOHNSON
Secretary General

SC-242/27

SC-242/28FEC-RESTRICTEDSC-242/2814 April 1948FAR EASTERN COMMISSIONLEVEL OF ECONOMIC LIFE IN JAPAN: POLICY TOWARDS JAPANESE INDUSTRY
UK Statement on Relation Between Reparations
and the Level of IndustriesNote by the Secretary General

The enclosure, a statement on the relation between reparations and the level of industries, submitted by the UK member at the one-hundredth meeting of the Steering Committee on 13 April, is circulated herewith for the consideration of the committee.

NELSON T. JOHNSON
Secretary General

SC-242/28

FEC-RESTRICTEDE N C L O S U R ELEVEL OF ECONOMIC LIFE IN JAPAN: POLICY TOWARDS JAPANESE INDUSTRY
UK Statement on Relation Between Reparations
and the Level of Industries

1. The principal object of U.K. policy regarding Japanese industry is to see that primary war industries are eliminated and that other industries, which have a peaceful use but which are also war supporting, are cut back to the maximum extent compatible with the retention by Japan of an economy sufficient to maintain her people at a restricted but reasonable standard of living.
2. FEC-084/21 made a big step forward by providing for the elimination of primary war industries and defining in principle which industries were to be considered as war supporting and should therefore be cut back. C2-242/19 takes the next step by specifying the levels to which those industries should be cut back.
3. In the view of the U.K. Delegation the levels which figure in C2-242/19 represent the bare minimum on the basis of which Japan may hope to feed her people without help from outside. If Japanese industries are reduced to lower levels than these, Japan cannot exist without foreign help and this would undoubtedly produce economic unrest and undo all that the Allies have done in the endeavour to lead Japan along the path of democracy and away from extremist policies. We have reached the conclusion that the levels in C2-242/19 are correct after a careful study of the Japanese economy before the war and her balance of payments and after a careful assessment of the situation which will obtain in the post-war period.
4. We did not allow the reparations factor to have any influence in our minds when we calculated the levels necessary for a minimum Japanese economy. The only relationship between levels of industry and reparations is that the former reveals how much industrial capacity is surplus and can thus be made available for reparations.
5. The U.K. Delegation would be the last to minimize the just claims of the countries that were devastated by Japan that they should receive the maximum possible amount of reparation. We are prepared to defend our claims and those of the other countries who suffered along with us at the hands of Japan but with the best will in the world it is impossible to close our eyes to the fact that there is a limit to what, within reason, can be taken from Japan. It would be reckless and irresponsible to take more than that limit.
6. It is desired to emphasize that the U.K. Delegation is satisfied that the levels in C2-242/19 represent the minimum level to which the Japanese economy can safely be reduced and would afford the maximum industrial plant and machinery that can be expected for reparations (with the exception of shipping and ship-building dealt with in a separate paper). No amount of study of the needs of reparation-claimant countries can significantly alter this fact. This is the sense in which we maintain that reparation considerations should not be allowed to enter into, or to influence, the discussion of levels of industry.

SC-242/29FEC-RESTRICTEDSC-242/2914 April 1948FAR EASTERN COMMISSIONLEVEL OF ECONOMIC LIFE IN JAPAN: POLICY TOWARDS JAPANESE INDUSTRY
Further Chinese Amendments
(References: FEC-242/19, 242 Series)Note by the Secretary General

At the one-hundredth Steering Committee meeting on 13 April the Chinese Member submitted the following amendments to SC-242/19, in substitution for those in SC-242/22 which were defeated at the ninety-ninth Steering Committee meeting on 6 April:

Maintain: Soviet, Phil, Fu

- 7-1. lost (a) para 1 a (2): delete "3,500,000" and insert "3,000,000"
 7-1 lost (b) para 1 a (3): delete "2,650,000" and insert "2,260,000"
 7-1 lost (c) para 1 a (4): delete "39,000" and insert "33,000"
 *6-1 lost (d) para 1 d (1): delete "10,000" and insert "8,600"
 7-1 lost (e) para 1 h: delete "2,100,000" and insert "2,000,000"
 *6-1 (f) para 1 l: delete "200,000" and insert "150,000"

Add
* Amendment
abstention

NELSON T. JOHNSON
Secretary General

SC-242/29

SC-242/30FEC-RESTRICTEDSC-242/3020 April 1948FAR EASTERN COMMISSIONLEVEL OF ECONOMIC LIFE IN JAPAN: POLICY TOWARD JAPANESE INDUSTRY
Summary of Positions of Delegations on SC-242/19Note by the Secretary General

The following summary of the positions of Steering Committee delegations on SC-242/19 as of 20 April 1948 is circulated herewith for the information of the Committee. This document replaces SC-242/26.

Australia	- generally favorable (minutes 101st S.C. mtg.)
Canada	- favorable
China	- amendments submitted in SC-242/29
France	- technical views submitted in SC-242/22; maintains general reservation in absence of instructions
India	- generally favorable
Netherlands	- favorable with certain minor reservations
New Zealand	- generally favorable but opposed to paragraph <u>c</u>
Philippines	- no instructions
USSR	- no instructions
United Kingdom	- generally favorable
United States	- no instructions

NELSON T. JOHNSON
Secretary General

SC-242/30

SC-242/31FEC-RESTRICTEDSC-242/3126 April 1948FAR EASTERN COMMISSION

LEVEL OF ECONOMIC LIFE IN JAPAN: POLICY TOWARDS JAPANESE INDUSTRY
Report Of Ad Hoc Subcommittee
(References: C2-242 Series; FEC-218 Series)

Note by the Secretary General

The enclosure, a report by the Chairman of the ad hoc Subcommittee appointed to consider the points raised by the Australian Representative regarding the proposed policy on Level of Economic Life in Japan; Policy Towards Japanese Industry (SC-242/19) is circulated herewith for the consideration of the STEERING COMMITTEE.

No final instruction:

NELSON T. JOHNSON
Secretary General

US, USSR, Phil, Fr

(5/11/48)

[UK at next mtg will
ask to move paper to FEC]

China ready to vote now
item-by-item (5/11/48)

SC-242/31

FEC-RESTRICTEDE N C L O S U R ELEVEL OF ECONOMIC LIFE IN JAPAN: POLICY TOWARDS JAPANESE INDUSTRY
Report Of Ad Hoc SubcommitteeTechnical Sub-Committee of Steering Committee
Report of the Chairman

The Technical Sub-Committee has considered the points referred to it by the Steering Committee in connection with the views of the Australian Delegation regarding SC-242/19. The following is a summary of the Sub-Committee's findings.

Nitric Acid

The Sub-Committee reviewed the material which had previously been compiled and which for convenience of reference is contained in the appendix to the present report. After re-examination of this material the Sub-Committee was satisfied that a consumption of the order of 30,000 tons of nitric acid for peaceful uses was really necessary.

This level appeared to the Sub-Committee to be roughly corroborated by an estimate reported to have been made independently by SCAP's Economic and Scientific Section that Japan's civilian requirements in 1950 would be 28,900 metric tons. The Sub-Committee felt that it would be valuable to have the Economic and Scientific Section's quantitative analysis of the peaceful uses to which this total would be allocated, if such an analysis is available. But there was a preponderance of view in the Sub-Committee that action on SC-242/19 need not and should not be deferred pending receipt of this information.

As a drafting amendment the Sub-Committee unanimously agreed to recommend that the level of capacity should be described as "capacity to produce 30,000 metric tons of 100% acid equivalent annually" in place of the wording in SC-242/19, which was felt to be not sufficiently explicit.

Chlorine

The Sub-Committee re-examined the material presented in C2-027/5, paragraph 4, (See appendix) and its attention was drawn to the increasing demand for chlorine by peaceful industry. The majority of representatives did not consider that there was any basis for making any alteration in the level proposed in SC-242/19.

The Chinese Representative suggested that, in view of the importance of chlorine as a war supporting industry, its level should be reduced to 60,000 metric tons without any corresponding reduction in the production of caustic soda. This would require an increase in the level of the soda ash industry to 525,000 tons. This suggestion did not find any support in the Sub-Committee.

Thermal Generating Capacity

The Australian representative stated that he had not assembled complete information regarding his Government's views and this branch of industry was not therefore discussed.

FEC-RESTRICTEDA P P E N D I XNitric Acid Industry

The following data were the basis for the recommendation that capacity to produce 30,000 metric tons of 100% nitric acid annually is necessary for the peaceful Japanese economy:-

Extract from C2-027/5 of 21st March, 1947, Report by Subcommittee No. 2: Level of Economic Life in Japan, of Committee No. 2.

"5. Chemical Nitrogen - The basic product of the chemical nitrogen industry is synthetic ammonia from which may be made a variety of materials including ammonium sulphate, nitric acid and ammonium nitrate. The Subcommittee feels that it is essential to permit the Japanese to retain sufficient synthetic ammonia capacity to allow adequate production of ammonium sulphate for fertilizer use. However since synthetic ammonia constitutes a threat to security when it is converted to nitric acid, the Subcommittee feels that nitric acid capacity should be restricted to a level in keeping with civilian consumption of this material in the period 1930-34.

Ammonium nitrate can also be used for war purposes but the reduction of nitric acid capacity will limit the amount of acid which can be diverted to ammonium nitrate production. The Subcommittee considers that the removal of surplus equipment for making nitric acid is sufficient to prevent production of excessive amounts of ammonium nitrate.

It would be a comparatively simple matter for the Japanese to rebuild nitric acid capacity but an increase in nitric acid production could only be achieved by the diversion of ammonia from the production of fertilizer or by the difficult and expensive process of expanding synthetic ammonia capacity. Moreover nitric acid does not in itself represent war potential without the capacity for the production of military explosives, armaments, aircraft, warships and other war material. Viewed as part of the total disarmament program, the Subcommittee therefore considers that security considerations will be sufficiently met if reduction of capacity in the chemical nitrogen industry is confined to nitric acid plants.

Average domestic consumption of nitric acid (98%) during the period 1930-34, after deducting consumption for military purposes was 25,500 metric tons annually. Allowing for population increase it is estimated that Japan's peaceful need for nitric acid in "1950" would be met by a production of 30,000 metric tons annually."

Extract from FEC-218/1 of 21st April, 1947, Statement submitted by the United States Delegation.

"Nitric Acid Industry

Average annual domestic consumption of nitric acid during the period 1930-34 for all uses was about 26,900 m.t. (as 100% acid) of which about 1,800 m.t. appear to have been for military uses. Allowing for population increase, it is estimated that Japan's peaceful needs for nitric acid in

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a normal postwar year should be met by production of 30,000 m.t. of nitric acid annually. Retention of annual capacity required to produce this amount of acid is therefore recommended. Subcommittee No. 2 of Committee No. 2 has recommended virtually the same retention figure for nitric acid."

Chlorine Industry

Extract from C2-027/5 of 21st March, 1947

"4. a. Chlorine - The 1930-34 average domestic consumption of chlorine (38,000 metric tons annually) projected to '1950' would require a production of 45,000 metric tons. During the period 1930-34, production of rayon pulp was negligible. The chlorine required for the 200,000 metric tons of rayon pulp which it has been assumed Japan will be able to produce in '1950', and which will amount to about 10,000 metric tons, will have therefore to be added in its entirety to the figures of 45,000 metric tons. The Subcommittee also considers it desirable to leave an additional amount of 20,000 metric tons for new uses due to technological changes (sanitation, insecticides, etc.) and for possible exports, bring the total requirements to meet Japan's peaceful needs in '1950' to 750,000 metric tons. This is the level to which the industry is to be reduced under the interim reparations removal program.

Just
France
Philippines } *O.K.*
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FEC-242/32

FEC-242/32

19 May 1948

FAR EASTERN COMMISSION

LEVEL OF ECONOMIC LIFE IN JAPAN: POLICY TOWARDS
JAPANESE INDUSTRY
As Reported From the Steering Committee

Note by the Secretary General

1. The enclosure a proposed policy regarding the level of Japanese industry, was approved by the Steering Committee at its 105th meeting on 18 May 1948 and is forwarded herewith for the consideration of the Far Eastern Commission.

2. The United States Member opposed the procedure of forwarding the enclosure to the Commission at this time.

3. The Steering Committee approved the enclosure by a vote of 6 to 0 with the following countries abstaining and reserving their positions: *China*, *France*, *Philippines*, *U.S.S.R.*, and *United States*. *(see signature)* *(Has asked for approval.)*

4. The New Zealand Member asked that his approval be recorded as embodying a specific reservation on the subject of aluminum in paragraph 1 c (1) of the enclosure.

5. The Australian Member asked that his approval be recorded as based on the following understandings:

(a) that he was without final instructions on the levels for the nitric acid and chlorine industries;

(b) that his approval of the level for aluminum was with the clear understanding that Japan would not be permitted to have an aircraft industry; and

(c) that the levels set forth in the enclosure would be regarded as interim levels, without prejudice to any levels that might be established by a peace treaty or to any long-term control levels.

6. Although the Steering Committee made no formal recommendation as to the press release, in the absence of instructions to the contrary, the Secretary General will, in the event the enclosed policy decision is adopted, release the text of the decision to the press pursuant to the normal procedures.

When this is released
we will have to
release assured
levels timber.

NELSON T. JOHNSON
Secretary General

FEC-242/32

FEC-RESTRICTEDE N C L O S U R ELEVEL OF ECONOMIC LIFE IN JAPAN:
POLICY TOWARDS JAPANESE INDUSTRY

1. The capacity in the following Japanese war-supporting industries in excess of the amounts stated below should be disposed of in accordance with paragraphs 5. a. and 6. of FEC-084/21.

a. Iron and Steel Industry

(Defined as plants and establishments primarily engaged in the production of pig iron, steel ingots, basic shapes or ferroalloys).

(1) Pig Iron

Capacity to produce 2,000,000 metric tons annually.

(2) Steel Ingots

Capacity to produce 3,500,000 metric tons annually, including all existing Bessemer capacity.

(3) Basic Shapes

Capacity to produce 2,650,000 metric tons annually.

(4) Ferroalloys

Capacity to produce 39,000 metric tons annually.

b. Non-Ferrous Metals Industry(1) Nickel Smelting Industry

(Defined as plants and establishments primarily engaged in the smelting of nickel from its ores).

Nil.

(2) Copper Industry

(Defined as plants and establishments primarily engaged in smelting copper ore or concentrates, refining the product of the smelters, or fabricating copper or its alloys).

Capacity to smelt and refine 80,000 metric tons annually of copper metal and capacity for fabricating copper or its alloys sufficient to utilize 80,000 metric tons annually of copper metal.

c. Light Metals Industry

(Defined as plants and establishments primarily engaged in the production of alumina, primary or secondary aluminum or magnesium, or in rolling, extruding or drawing of aluminum or magnesium or their alloys).

FEC-RESTRICTED(1) Aluminum(a) Alumina and primary aluminum

Capacity to produce 22,000 metric tons of alumina and 10,000 metric tons of primary aluminum annually.

(b) Rolled, drawn and extruded shapes

Capacity to produce 25,000 metric tons of shapes annually.
Such capacity should exclude any facilities specifically designed to produce aluminum for use in the aircraft industry.

(2) Magnesium

Nil.

d. Metal Working Machinery Industry(1) Machine Tool Industry

(Defined as plants and establishments engaged in the production of non-portable power driven machines designed to shape metal by the progressive cutting away of stock in the form of chips, shavings or by abrasive action).

Capacity to produce a balanced type-size aggregate of 10,000 machine tools annually.

(2) Cutting Tools and Secondary Metal Working Machinery Industry

(Defined as plants and establishments engaged in the production of secondary metal forming or cutting machines or equipment).

In effecting the reduction in the inventory of machine tools under the terms of Para. 1 1 (1) special attention should be paid to reducing capacity in the cutting tools and secondary metal working machinery industry to a level no higher than is necessary to meet the requirements of Japanese industry as reduced by this and other policy decisions of the Far Eastern Commission.

e. Ball and Roller Bearing Industry

(Defined as plants and establishments engaged in the manufacture or assembly of complete ball or roller bearings or their major component parts, namely balls, rollers, races or cages).

Capacity for the production of ball and roller bearings to the value of 32,500,000 yen annually at 1943-44 average prices.

f. Chemical Industry(1) Industrial Explosives Industry

(Defined as plants and establishments engaged in the production of industrial explosives).

Capacity to produce 10,000 metric tons annually, provided that, if additional capacity is

FEC-RESTRICTED

required to meet temporary needs the Supreme Commander for the Allied Powers may, after informing the Far Eastern Commission of the reasons for so doing retain such additional capacity pending a decision by the Far Eastern Commission.

(2) Sulphuric Acid Industry

(Defined as plants and establishments engaged in the production of sulphuric acid).

Capacity to produce 3,500,000 metric tons of 62% acid equivalent annually.

All facilities made available for reparations claim should be of the contact type, but as far as possible should not include any plants serving as integral functional units in other manufacturing plant not made available for claim.

(3) Soda Ash, Caustic Soda and Chlorine Industry

(Defined as plants and establishments engaged in: (a) the production of soda ash including integrated facilities for the conversion of soda ash into caustic soda; or (b) the production of caustic soda and chlorine by the electrolytic process).

(a) Capacity to produce 500,000 metric tons of soda ash annually.

(b) Capacity to produce 282,500 metric tons of caustic soda annually, of which 200,000 metric tons should be capacity for production from soda ash, and the remaining 82,500 metric tons should be capacity for production by the electrolytic process.

(c) Capacity to produce 75,000 metric tons of chlorine annually by the electrolytic process.

(4) Nitric Acid Industry

(Defined as plants and establishments engaged in the production of nitric acid).

Capacity to produce 30,000 metric tons of 100% acid equivalent annually.

(5) Calcium Carbide Industry

(Defined as plants and establishments engaged in the production of calcium carbide).

Capacity to produce 430,000 metric tons annually, provided that no facilities should be removed which are needed to achieve essential production of fertilizers in Japan.

g. Railway Equipment Industry

(Defined as plants and establishments primarily engaged in the production of steam, electric or diesel locomotives passenger cars or freight cars).

FEC-RESTRICTED

Capacity to produce 255 steam, electric and diesel locomotives; 870 passenger cars; and 3,200 freight cars annually.

h. Thermal Electric Power Industry

(Defined as plants and establishments primarily engaged in the production of electric energy through the use of fuel as the basic energy source).

Capacity to produce and deliver to the line at the power plants and aggregate of 2,100,000 kilowatts.

i. Cement Industry

(Defined as plants and establishments engaged in the production of Portland cement, blast furnace cement or similar types of cement).

Capacity to produce 4,500,000 metric tons annually.

j. The Oil Refining and Synthetic Fuel Industry and Storage.(1) Synthetic Oil Industry

(Defined as plants and establishments engaged in the manufacture of liquid fuels from coal, whether by high-pressure hydrogenation, the Fischer-Tropsch process or low-temperature carbonization.)

Nil, subject to the following limitation:

(a) Any machinery or equipment in such plants, which is suitable for use in the production of synthetic ammonia and which, in the judgment of SCAP, should be transferred for use in the production of synthetic ammonia for fertilizer manufacture, should be exempted from claim.

(2) Petroleum Refining Industry

(Defined as plants and establishments for the processing of crude petroleum or alcohol (but excluding synthetic crudes derived from coal), including all straight run distillation plants and natural (casing-head) gasoline plants, thermal cracking units, vacuum distillation plants for the manufacturing of ordinary or high grade lubricating oils and iso-octane plants including any isomerization, polymerization or alkylation equipment.)

Capacity to process 4,500,000 barrels of crude oil annually, of which not more than half should be in the Pacific Coast area.

(3) Oil Storage

(Defined as all tankage, whether surface or underground, connected with tank farms or refineries used primarily for the storage of petroleum or petroleum products in bulk)

Storage capacity of 5,000,000 barrels.

FEC-RESTRICTEDk. Synthetic Rubber Industry

(Defined as plants and establishments primarily engaged in the production of synthetic rubber).

Nil.

1. Inventory of Metal Working Machinery(1) Machine Tools

(Defined as the existing stock in Japan of non-portable, power-driven machines designed to shape metal by the progressive cutting away of stock in the form of chips or shavings, or by abrasive action.)

A total inventory of 200,000 units of a balanced type-size.

2. Coal Carbonization Industry

(Defined as plants and establishments primarily engaged in the production of high-temperature coke).

Capacity related to the coke-consuming industries and made surplus by reductions in these industries should be disposed of in accordance with paragraphs 5. a and 6. of FEC-084/21.

3. Automotive Industry

(Defined as plants and establishments primarily engaged in the manufacturing of engines or chassis of standard size, passenger cars or trucks or in the assembly of finished vehicles of these types).

In effecting the reduction in the inventory of machine tools under the terms of paragraph 1 l (1) above, special attention should be paid to reducing capacity in the automotive industry to a level no higher than is necessary to meet the peaceful needs of Japan.

4. Shipping and Shipbuilding Industry

The steel merchant shipbuilding and ship repair industry and the merchant marine, fishing, whaling and cannery fleet will be dealt with in a subsequent paper. In the meantime the provisions of para. 3. of FEC-059/4 remain in force.

5. Primary War Facilities

Those facilities, included in primary war facilities as defined in paragraph 2. a of FEC-084/21. which have been engaged in the production of military supplies essentially similar to civilian goods should be made available for reparations claims unless in the judgment of the Supreme Commander for the Allied Powers, they are needed to meet the peaceful needs of Japan as defined by the Far Eastern Commission in FEC-106/1. Such decisions should be communicated to the Far Eastern Commission together, if possible, with supporting data.

6. Industrial facilities not specified above but which are made superfluous because of reparations removals prescribed herein should be made available for reparations claim unless essential and economical uses commensurate with the peaceful needs of Japan as defined by the Far Eastern Commission are found for them in Japan. Decisions as to availability of such facilities should be made by SCAP. In applying the policy in this paragraph

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special attention should be paid to facilities for the production of non-ferrous metals other than copper and nickel, abrasives and heavy electrical equipment, and to the inventory of cutting tools and secondary metal working machinery, and any facilities in these industries not removed as reparations should be disposed of in accordance with paragraph 6. of FEC-084/21.

7. The provisions of this policy should not be interpreted as excluding reparations removals from categories of industrial facilities other than those specified herein.

8. This policy taken in conjunction with FEC-084/21 (Reduction of Japanese Industrial War Potential, approved 14 August 1947 and forwarded to SCAP as Directive Serial Number 87 of 23 August 1947) supersedes the following policies with the exception of para. 3. of FEC-059/4:

<u>Document Number</u>	<u>Title</u>	<u>Date Approved</u>	<u>Directive Serial No.</u>	<u>Date forwarded to SCAP</u>
FEC-059	Interim Reparations Removals: Army and Navy Arsenals; Aircraft Industry; Light Metals Industry	13 May 46	46	23 May 46
FEC-059/4	Machine Tool Industry Sulphuric Acid Industry; Shipbuilding	23 May 46	48	26 May 46
FEC-059/6	Ball and Roller Bearing Industry	29 May 46	50	2 Jun 46
FEC-059/14	Iron and Steel Industries; Thermal Electric Power; Soda Ash, Chlorine, and Caustic Soda Industry	12 Jun 46	52	15 Jun 46
FEC-059/15	Privately owned Munitions Plants	20 Jun 46	53	25 Jun 46
FEC-059/21	Synthetic Oil and Synthetic Rubber Industry	12 Sep 46	59	18 Sep 46
FEC-059/29	Steel Rolling Industry	6 Dec 46	64	13 Dec 46
FEC-239/7	Temporary Retention of Electric Steel Furnaces	24 Jul 47	85	31 Jul 47
FEC-083/5	Assured Production Capacity Levels for Japan	20 Feb 47	71	7 Mar 47

Not released to press

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FEC-242/35FEC-RESTRICTEDFEC-242/3510 September 1948FAR EASTERN COMMISSION

LEVEL OF ECONOMIC LIFE IN JAPAN:
POLICY TOWARDS JAPANESE INDUSTRY
Statement by the U. S. Representative
(References: FEC-242/32, 242 series)

Note by the Secretary General

The enclosure, a statement submitted by the United States Representative at the 118th meeting of the Far Eastern Commission, 9 September 1948, is circulated herewith for the information of the Commission.

NELSON T. JOHNSON
Secretary General

FEC-242/35

FEC-RESTRICTEDE N C L O S U R ELEVEL OF ECONOMIC LIFE IN JAPAN:
POLICY TOWARDS JAPANESE INDUSTRY
Statement by the U. S. Representative

"My Government has directed me to inform the Commission that it is deeply appreciative of the interest of the members of the Commission in an early statement of its views in regard to the paper on Level of Economic Life in Japan. My Government has been giving the most intensive consideration to this paper. It feels that the subject of the paper is a matter of basic importance to the successful accomplishment of the objectives of the occupation in Japan and that it requires the most thorough consideration in the light of developments since the introduction of the original U. S. paper. My Government is not yet prepared to present its position on this paper nor to submit its views on the related paper on Policy Toward Japanese Shipbuilding and Shipping or on the question of further removals under the Advance Transfer program, raised by several members of this Commission.

"In view of the interest, shared by all of the governments represented on the FEC in a settlement of these vital problems, the United States Government wishes to inform its colleagues on the Commission that it will endeavor to present its views on these matters as soon as possible. However, it may still be some time before it will be possible to submit its views."

*file*FEC-242/37FEC-RESTRICTEDFEC-242/3723 December 1948FAR EASTERN COMMISSIONLEVEL OF ECONOMIC LIFE IN JAPAN: POLICY TOWARDS JAPANESE INDUSTRY
Soviet Statement and Proposed Amendments
(References: FEC-242/32, 242 series)Note by the Secretary General

1. The enclosures, a statement on FEC-242/32, Level of Economic Life in Japan: Policy Towards Japanese Industry, and amendments thereto, submitted by the Soviet Representative at the 134th Commission Meeting, 23 December 1948, are circulated herewith for the consideration of the FAR EASTERN COMMISSION.

2. Enclosure "A" contains the statement by the Soviet Representative and Enclosure "B" contains the proposed amendments.

NELSON T. JOHNSON
Secretary General

FEC-242/37

FEC-RESTRICTEDENCLOSURE "A"LEVEL OF ECONOMIC LIFE IN JAPAN: POLICY TOWARDS JAPANESE INDUSTRY
Soviet Statement

Attaching extreme importance to the question of determining levels of Japan's industrial development, the Soviet delegation considers it necessary to stress that the development of Japanese industry should be subordinated to the satisfaction of only peaceful needs of the Japanese people. The Soviet delegation also considers it necessary to point out that the development of Japan's peaceful industry to the level of 1930-1934 or to a higher level will contribute to the improvement of the physical well-being of Japan's population, will broaden her export possibilities, and will contribute to the strengthening of her economic independence.

Such development of Japan's peaceful economy will meet not only the interests of the Japanese people but also the interests of other countries, and, first of all, of Asiatic countries. One should also bear in mind that Japan will have to satisfy legitimate claims for reparations on the part of the states which suffered from Japanese aggression.

In connection with this the Soviet delegation draws the attention of the members of the Far Eastern Commission to the fact that according to the policy decision of the Far Eastern Commission FEC-084/21, the industrial facilities innumeraed in FEC-242/32 are classified as war-supporting industries, however, these industries at the same time play a major part in the satisfaction of peaceful needs of the Japanese economy and the Japanese people. Therefore the industrial capacities of these industries should strictly correspond to the satisfaction of peaceful /non-military/ needs of the Japanese economy and the Japanese people. These peaceful needs include, as is known, the satisfaction of vital needs of the population, production, payment for imports of raw materials needed for peaceful /non-military/ industry, foodstuffs and other goods for the population, as well as the needs for rehabilitation work. Meanwhile, the levels of industrial capacities suggested in the paper under discussion, FEC-242/32, limit the possibilities for the rehabilitation of Japan's peaceful economy and do not secure full satisfaction of the needs of the Japanese people, nor the payment for imports of raw materials, needed for peaceful /non-military/ Japanese industry, foodstuffs and other goods for the population.

The Soviet delegation also attaches utmost importance to the question of the fulfilment of the policy decisions adopted by the Far Eastern Commission on "Reduction of Japanese Industrial War Potential", FEC-084/21, and "Removal of Facilities from Japan for Reparations", FEC-059/3, since the timely and complete fulfilment of the above-mentioned decisions will contribute to the speediest development of Japan's peaceful economy.

Proceeding from the above-said the Soviet delegation proposes the following amendments* to FEC-242/32.

* See Enclosure "B".