

FAR EAST

Box #

17

FEC-227

Statement by Australian Repre
Relative to Reparations

227 - Statement by Australian
Representative Relative
to Reparations

227 - Statement by Australian
Representative Relative
to Reparations

RESTRICTED

FEC 227

FEC 227

5 May 1947

FAR EASTERN COMMISSION

STATEMENT BY AUSTRALIAN REPRESENTATIVE RELATIVE TO REPARATIONS

Note by the Secretary General

The enclosure, a statement relative to reparations, submitted by the Australian Representative at the fifty-sixth meeting of the Far Eastern Commission, 5 May 1947, is circulated herewith for the consideration of the Far Eastern Commission

NELSON T. JOHNSON
Secretary General

59th Fec
29 May 47
Tabled &
removed from
agenda, on
understanding
any rept may
later express
views

China - Rejects Aus. view. - a necessary part of reparations issue.
① Division of shares is
② Only subjects "excluded" are listed in P 2 9-19 R.
③ Acceptance "by implication" thru participation of Aus. deleg. in repara. discussions.

France - Rejects Aus view: Never any qstn of FEC competence.
No instructions, but doubt they will wipe out all FEC work on rep.

RESTRICTEDE N C L O S U R ESTATEMENT BY AUSTRALIAN REPRESENTATIVE
RELATIVE TO REPARATIONS

I should like to make a statement to the Commission of Australia's general views on reparations.

For some weeks we have been carefully surveying all the circumstances connected with this matter, and are now conclusive in our opinion that the division of shares could be determined, with other vital questions, in the peace settlement. Reparations cannot be dealt with separately and apart from the over-all aspects that will govern the future relations of nations in the Pacific. The peace conference is the only body which has the power to treat the Japanese problems as a whole, and to allocate reparations in such a way that they will form a logical part of the whole settlement and contribute to the establishment of a just and durable peace in the Pacific.

Australia does not challenge the right of the Far Eastern Commission to determine the total volume of reparations from Japan or the forms which those reparations should take, such as industrial assets, gold and precious metals, current production, or other forms, as part of the duty of the Commission to determine what should be destroyed or removed from Japan in the interests of security of the Allied nations. On the contrary, Australia has consistently stated that the Far Eastern Commission should regard the fixing of these levels as one of its main tasks and should undertake this work as speedily as possible.

Settlement of reparations has been long delayed and, candidly, Australia feels that there is no evidence that agreement within this Commission is very much closer than it was twelve months ago. We are fully conscious of the desire of devastated countries to receive reparations assets as soon as possible, and I might add that my own country is equally anxious to have its own claims satisfied without delay. However, we feel that any further progress that may be made within the Commission in the discussion of shares will prove to be quite illusory, and that a considerable amount of time would be wasted covering ground that will have to be traversed again in some other place. The only body where we can expect a final settlement, backed by our representatives at the highest level and taking into account all the relevant factors, is the peace conference. It is likely that a peace conference will be called at an early date. The Australian Minister for External Affairs, Dr. Evatt, stated in the House of Representatives on 26 February 1947, that "the time is rapidly approaching when the Far Eastern Commission work should be vested in a Pacific peace conference which can deal as a whole with the problem of the settlement with Japan". The early calling of a conference will overcome some of the difficulties in the Far Eastern Commission which have made it unsatisfactory as a means of effective participation in the control of Japan. It will put an end to piecemeal settlements and the unsatisfactory position which has developed owing to failure to agree on the basic policy as a whole drafted in December, 1945. With the early calling of a Conference there is no reason why this matter of reparations should not be made the subject of consideration by that body.

RESTRICTED

That is the practical aspect of the matter. However, I should like to emphasize that Australia also holds that, on legal grounds, the Far Eastern Commission has no jurisdiction over the division and allocation of reparations. The terms of reference of the Far Eastern Commission empower it to formulate policies, principles, and standards in conformity with which the fulfillment by Japan of its obligations under the terms of surrender may be accomplished. The only reference to reparations in the terms of surrender is through Japan's acceptance of the Potsdam Declaration, which stated that "Japan shall be permitted to maintain such industries as will sustain her economy and permit the exaction of just reparations in kind but not those which would enable her to rearm for war". It is clear from this that the Far Eastern Commission can prescribe the total amount of reparations to be provided by Japan, including the kinds of reparations and the manner in which they are provided, but that the apportionment of those reparations is not a function of the Far Eastern Commission. This conclusion is strengthened if we take account of the fact that reparations is not a reserved function in Paragraph III, 3 of the Commission's terms of reference. It is reasonable to assume that it would have been reserved if the allocation of reparations had been intended as an FEC function, because it is impossible to expect sovereign governments to agree that the division of shares could be the subject of unilateral decision by one government.

As I have already indicated, the Australian Government does not consider that the present discussions in the reparations committee on the division of reparations shares are likely to be very productive. The reparations committee has proposed that each country should submit the percentage share of reparations, determined on broad political lines, which it desires to receive from industrial assets within Japan available for reparations. The Australian Government has been greatly impressed by the views of the United States Government, as expressed at several meetings of the reparations committee, to the effect that the submission of a figure for one country is of little value unless the percentages for all other claimants are calculated in the same submission. For example, it means very little for a country to say that it desires 15% of total reparations for itself unless it discloses what proportion that percentage bears to allocations to every other country. To meet this difficulty, the American Government has suggested in the reparations committee that each country should table a list of eleven percentages. However, there are two objections to this: a political objection that a country may shrink from the odium that might attend the giving of particular percentages to particular countries, and the practical difficulty that member governments have only scanty statistical data as to the losses and contribution of some of the other member governments. For the first reason, the American Government has expressed a reluctance to table its own list of eleven percentages unless a substantial number of other governments are prepared to do likewise; for the second reason, some other Governments feel they cannot prepare lists for all countries. The Australian Government fully appreciates and shares that reluctance.

We consider that the method proposed in the reparations committee is too much in the nature of guess-work and a blind venture. The original percentage tabled by each country for itself would be a stab in the dark made in ignorance of many important considerations. The next step after submission

RESTRICTED

of such figures is shrouded in mystery. If we assume, as it must be assumed, that tables of eleven percentages will not be forthcoming, the Commission will find itself in a blind alley and will once again consume time discussing procedures, as we have done so often in the past.

The Australian Government, therefore, proposes that there should be a careful working out of a scheme of distribution based on justice and calculated on broad political lines, taking into account the relative contribution of each nation to victory, and its physical losses and damage and the personal injuries and loss of life of its servicemen, internees, and other nationals. Such personal losses should, in our view, be a prominent feature of a reparations scheme. Japanese war crimes put this aspect in a special category. There are arrangements for the punishment of war crimes, and there should also be special compensation to Governments acting on behalf of victims and their relatives. The Australian Government proposes that a tribunal of three independent and preferably judicial persons be established to make the necessary investigations, and that this tribunal report direct to the peace conference, which should be summoned as soon as possible. In this way we shall achieve what our American colleague has so often and so rightly called for--a table of eleven percentages, responsibly prepared and accompanied by complete factual supporting material. Of course, the views of the tribunal may not prove acceptable in their entirety--no bench can satisfy all claimants. But the final adjustments and adoption of the allocations should be made at the peace conference, which alone has power to take account of all relevant factors and at which will be assembled Foreign Ministers of all our countries armed with plenipotentiary powers.

My Government believes that this offers the only way to a speedy and just settlement of reparations. The alternative course, which is now before the reparations committee, is obscure, unlikely to secure agreement, and certain to be prolonged. On the other hand, the course which I have just suggested is likely to produce a definite result within a few months by which time, I hope, the peace conference will be assembled and ready to ratify the reparations agreement.

I do not expect, Mr. Chairman, that all my colleagues will be able to express their Government's views on this statement today, and I have no doubt that you will adjourn debate until a later meeting.

File in 227 Series

Reparations

MINUTES--FEC

RESTRICTED

MINUTES--56th FEC Mtg

5 May 1947

FAR EASTERN COMMISSION

Minutes of the Fifty-sixth Meeting of the Far Eastern Commission
Held in the Main Conference Room, 2516 Massachusetts Avenue, N.W.,
Washington

5 May 1947, 10:30 A.M.

Representatives Present

Major General Frank R. McCoy (United States) (Chairman)
His Excellency Norman J. O. Makin (Australia)
Mr. R. E. Collins (Canada)
His Excellency Dr. V. K. Wellington Koo (China)
Mr. Robert Douteau (France)
Mr. B. R. Sen (India)
Mr. O. Reuchlin (Netherlands)
Col. G. R. Powles (New Zealand)
Mr. C. Coronel (Philippines)
Rear Admiral S. S. Ramishvili (U.S.S.R.)
Mr. H. A. Graves (United Kingdom)

Secretary General

Mr. Nelson T. Johnson

Minutes--56th FEC Mtg.

RESTRICTED

GENERAL McCOY opened the meeting at 10:30 A.M.

GENERAL McCOY, on behalf of the Far Eastern Commission, extended a cordial welcome to Mr. Oscar Morland, Counsellor and Financial Adviser at the United Kingdom Liaison Mission in Tokyo, who was visiting in Washington for a few days and who was sitting at the table as a guest of the United Kingdom Delegation. He recalled that Mr. Morland had served in the capacity of alternate U.K. Representative during the trip of the Far Eastern Advisory Commission to Japan in January of 1946.

ITEM 1 - APPROVAL OF THE MINUTES OF THE FIFTY-FIFTH MEETING

THE COMMISSION unanimously approved the minutes of its fifty-fifth meeting.

ITEM 2 - DIVISION OF REPARATIONS SHARES (FEC-219/6; 219 series)

GENERAL McCOY moved and ADMIRAL RAMISHVILI seconded the motion that FEC-219/6 be adopted as a policy decision by the Far Eastern Commission.

MR. MAKIN made the following formal statement (subsequently circulated as FEC-227):

"I should like to make a statement to the Commission of Australia's general views on reparations.

"For some weeks we have been carefully surveying all the circumstances connected with this matter, and are now conclusive in our opinion that the division of shares could be determined, with other vital questions, in the peace settlement. Reparations cannot be dealt with separately and apart from the over-all aspects that will govern the future relations of nations in the Pacific. The peace conference is the only body which has the power to treat the Japanese problems as a whole, and to allocate reparations in such a way that they will form a logical part of the whole settlement and contribute to the establishment of a just and durable peace in the Pacific.

"Australia does not challenge the right of the Far Eastern Commission to determine the total volume of reparations from Japan or the forms which those reparations should take, such as industrial assets, gold and precious metals, current production, or other forms, as part of the duty of the Commission to determine what should be destroyed or removed from Japan in the interests of security of the Allied nations. On the contrary, Australia has consistently stated that the Far Eastern Commission should regard the fixing of these levels as one of its main tasks and should undertake this work as speedily as possible.

"Settlement of reparations has been long delayed and, candidly, Australia feels that there is no evidence that agreement within this Commission is very much closer than it was twelve months ago. We are fully conscious of the desire of devastated countries to receive reparations assets as soon as possible, and I might add that my own country is equally anxious to have its own claims satisfied without delay. However, we feel that any further progress that may be made within the Commission in the discussion of shares will prove to be quite illusory, and that a considerable amount of time

RESTRICTED

would be wasted covering ground that will have to be traversed again in some other place. The only body where we can expect a final settlement, backed by our representatives at the highest level and taking into account all the relevant factors, is the peace conference. It is likely that a peace conference will be called at an early date. The Australian Minister for External Affairs, Dr. Evatt, stated in the House of Representatives on 26 February 1947 that "the time is rapidly approaching when the Far Eastern Commission work should be vested in a Pacific peace conference which can deal as a whole with the problem of the settlement with Japan." The early calling of a conference will overcome some of the difficulties in the Far Eastern Commission which have made it unsatisfactory as a means of effective participation in the control of Japan. It will put an end to piecemeal settlements and the unsatisfactory position which has developed owing to failure to agree on the basic policy as a whole drafted in December 1945. With the early calling of a Conference there is no reason why this matter of reparations should not be made the subject of consideration by that body.

"That is the practical aspect of the matter. However, I should like to emphasize that Australia also holds that, on legal grounds, the Far Eastern Commission has no jurisdiction over the division and allocation of reparations. The terms of reference of the Far Eastern Commission empower it to formulate policies, principles, and standards in conformity with which the fulfilment by Japan of its obligations under the terms of surrender may be accomplished. The only reference to reparations in the terms of surrender is through Japan's acceptance of the Potsdam Declaration, which stated that 'Japan shall be permitted to maintain such industries as will sustain her economy and permit the exaction of just reparations in kind but not those which would enable her to rearm for war.' It is clear from this that the Far Eastern Commission can prescribe the total amount of reparations to be provided by Japan, including the kinds of reparations and the manner in which they are provided, but that the apportionment of those reparations is not a function of the Far Eastern Commission. This conclusion is strengthened if we take account of the fact that reparations is not a reserved function in Paragraph III, 3 of the Commission's Terms of Reference. It is reasonable to assume that it would have been reserved if the allocation of reparations had been intended as an FEC function, because it is impossible to expect sovereign governments to agree that the division of shares could be the subject of unilateral decision by one government.

"As I have already indicated, the Australian Government does not consider that the present discussions in the reparations committee on the division of reparations shares are likely to be very productive. The reparations committee has proposed that each country should submit the percentage share of reparations, determined on broad political lines, which it desires to receive from industrial assets within Japan available for reparations. The Australian Government has been greatly impressed by the views of the United States Government, as expressed at several meetings of the reparations committee, to the effect that the submission of a figure for one country is of little value unless the percentages for all other claimants are calculated in the same submission. For example, it means

RESTRICTED

very little for a country to say that it desires 15% of total reparations for itself unless it discloses what proportion that percentage bears to allocations to every other country. To meet this difficulty, the American Government has suggested in the reparations committee that each country should table a list of eleven percentages. However, there are two objections to this: a political objection that a country may shrink from the odium that might attend the giving of particular percentages to particular countries, and the practical difficulty that member governments have only scanty statistical data as to the losses and contribution of some of the other member governments. For the first reason, the American Government has expressed a reluctance to table its own list of eleven percentages unless a substantial number of other governments are prepared to do likewise; for the second reason, some other Governments feel they cannot prepare lists for all countries. The Australian Government fully appreciates and shares that reluctance.

"We consider that the method proposed in the reparations committee is too much in the nature of guess-work and a blind venture. The original percentage tabled by each country for itself would be a stab in the dark made in ignorance of many important considerations. The next step after submission of such figures is shrouded in mystery. If we assume, as it must be assumed, that tables of eleven percentages will not be forthcoming, the Commission will find itself in a blind alley and will once again consume time discussing procedures, as we have done so often in the past.

"The Australian Government, therefore, proposes that there should be a careful working out of a scheme of distribution based on justice and calculated on broad political lines, taking into account the relative contribution of each nation to victory, and its physical losses and damage and the personal injuries and loss of life of its servicemen, internees, and other nationals. Such personal losses should, in our view, be a prominent feature of a reparations scheme. Japanese war crimes put this aspect in a special category. There are arrangements for the punishment of war crimes, and there should also be special compensation to Governments acting on behalf of victims and their relatives. The Australian Government proposes that a tribunal of three independent and preferably judicial persons be established to make the necessary investigations, and that this tribunal report direct to the peace conference, which should be summoned as soon as possible. In this way we shall achieve what our American colleague has so often and so rightly called for--a table of eleven percentages, responsibly prepared and accompanied by complete factual supporting material. Of course, the views of the tribunal may not prove acceptable in their entirety--no bench can satisfy all claimants. But the final adjustments and adoption of the allocations should be made at the peace conference, which alone has power to take account of all relevant factors and at which will be assembled Foreign Ministers of all our countries armed with plenipotentiary powers.

"My Government believes that this offers the only way to a speedy and just settlement of reparations. The alternative course, which is now before the reparations committee, is obscure, unlikely to secure agreement, and certain to be prolonged. On the other hand, the course which I have just suggested is likely to produce a definite result within a few months by which time, I hope, the peace conference will be assembled and ready to ratify the reparations agreement.

RESTRICTED

"I do not expect, Mr. Chairman, that all my colleagues will be able to express their Government's views on this statement today, and I have no doubt that you will adjourn debate until a later meeting."

GENERAL McCOY said that he considered the statement just made by Mr. Makin to be extremely important and to constitute, in effect, a complete reversal of the position of the Australian Government. He pointed out that, in his capacity as Chairman, he bore responsibility under the Terms of Reference for endeavoring to obtain as great a degree of cooperation as possible among the eleven member nations and said that he personally was somewhat more hopeful of attaining some solution of the reparations problem within the Far Eastern Commission than was the Australian Government. In compliance with the request contained in the final paragraph of Mr. Makin's statement, GENERAL McCOY agreed that appropriate provisions for further study and discussion of the statement should be made.

MR. GRAVES asked whether such provision for study and consideration would mean that representatives would have an opportunity to submit the Australian statement to their respective governments before voting on FEC-219/6. GENERAL McCOY replied that the manner in which further consideration of the Australian statement would take place would be determined in accordance with the views of all representatives.

MR. GRAVES said that although he had come to the present meeting prepared to vote on FEC-219/6, having heard the Australian statement, he now desired an opportunity to consult further with his Government on the paper.

MR. SEN asked regarding the United States views on the point contained in the Australian statement to the effect that the disposition of reparations fell outside the scope of the Terms of Reference of the Commission,

GENERAL McCOY said that the following quotations from an opinion prepared by the Legal Adviser of the United States Department of State as to the legality of the United States interim directive on reparations would constitute a reply to Mr. Sen's query:

"The Potsdam Proclamation of July 26, 1945, provides specifically (par. 11) that Japan shall be permitted to maintain such industries as will sustain her economy and permit the exaction of just reparations in kind; and also (par. 12) that the occupying forces of the Allies shall be withdrawn from Japan as soon as this, and the other objectives of the Proclamation, have been accomplished. The Japanese acceptance of the Potsdam Proclamation makes just reparations in kind one of the obligations of Japan under the Terms of Surrender.

"It is a function of the Far Eastern Commission, under its Terms of Reference (par. II, A,1) to formulate the policies, principles, and standards in conformity with which the fulfillment by Japan of its obligations under the Terms of Surrender may be accomplished. It is therefore a function of the Commission to formulate the policies, principles and standards in conformity with which Japan may make just reparations in kind."

RESTRICTED

MR. MAKIN said that he did not feel that the paragraphs quoted by General McCoy indicated whether or not the Far Eastern Commission had the specific power of allocation of reparations.

GENERAL McCOY replied that, as to the specific power of allocation, the United States and Australian views were opposed. Up until this time, he pointed out, there had been tacit agreement on the assumption that the Commission's jurisdiction extended to all phases of the reparations question.

With regard to Mr. Makin's request that the vote on his motion to approve FEC-219/6 be postponed pending consideration of the Australian statement, GENERAL McCOY said that he did not see the necessity of so connecting the two proposals. Such a postponement, he feared, would very greatly delay the work of the Commission on reparations and would bring to a halt the step-by-step progress on this difficult question, one phase of which consisted of the adoption of FEC-219/6.

DR. KOO observed that it had always been the Chinese position that the sooner steps were taken to repair, even in part, the damage and destruction which had been wrought by Japanese aggression, the better for the economies of claimant countries. Therefore, he was prepared to support the motion of the United States Representative and to vote for it at the present meeting. DR. KOO realized that the Australian statement was extremely important and raised fundamental questions in regard to the competence of the Commission. He had no objection to a brief postponement of the vote on the motion to approve FEC-219/6 while consideration was given to the Australian statement, although he doubted the usefulness of such postponement.

DR. KOO emphasized that he had not had opportunity to give the Australian statement the detailed study which it deserved and that his immediate views were therefore of a tentative nature. With this qualification, however, he desired to point out that while, historically, it had been usual for reparations settlements to form part of the final peace settlement, and for peace conferences to take place soon after the cessation of hostilities, the procedure being followed by the United Nations after World War II was to approach the drafting of peace treaties gradually and to await the completion of ~~exhaustive~~ preliminary work. It was his understanding that the Far Eastern Commission had been established for the purpose of carrying out such preliminary work in regard to Japan, and that this preliminary work necessarily embraced many phases of those questions which would also form part of the final peace settlement with Japan. The very fact that deliberations regarding reparations had already absorbed so much of the time of the Far Eastern Commission was an indication, DR. KOO thought, of the intolerable delays that would be encountered by a peace conference if the Far Eastern Commission did not carry out its very necessary preparatory work. Although he was aware that any over-all agreement on reparations reached by the Far Eastern Commission would undoubtedly have to be confirmed in a subsequent peace treaty, he did not think that this should prevent the Commission from continuing its deliberations and reaching agreement on as many phases of the reparations questions as possible. Therefore, DR. KOO concluded, it was the view of the Chinese Delegation that immediate action should be taken on the United States motion to approve FEC-219/6 and that full consideration be given the Australian statement subsequently. However, should the majority of the representatives prefer that all further consideration of the subject be postponed, he would not object to this course.

MR. SEN said that the Australian statement raised questions of fundamental importance with regard to the principle of division of reparations shares and with regard to the actual implementation of that principle. No views could be expressed on these fundamental questions, he thought, until there had been time for consultations between representatives and their governments.

ADMIRAL RANISHVILI asked whether, if it were agreed to postpone all further discussion of division of reparations shares until there had been time for consideration of the Australian statement, further discussion within the Reparations Committee would thereby be postponed.

RESTRICTED

He drew attention to the fact that the Reparations Committee had intended, at a meeting scheduled this same day, to consider percentage shares to be proposed by each member. His personal view was that action might be taken on the United States motion to approve FEC-219/6 and that further consideration of the Australian statement might be postponed. Should further consideration be postponed as to both matters, however, he doubted whether Committee No. 1 could undertake a consideration of proposed reparations shares.

In this connection MR. SEN pointed out that if the suggestion in the Australian statement for a tribunal to be established to consider reparations shares were to be considered, discussion of the same subject within the Reparations Committee automatically would be placed in abeyance.

MR. MAKIN said that in his view consideration of the motion to approve FEC-219/6 could not be separated from the statement he had offered. Should the United States motion be pressed to a vote, he said, he would feel that proper consideration had not been afforded the viewpoint he had expressed. The statement which he had presented on behalf of his Government, he pointed out, challenged the authority of the Far Eastern Commission to approve such a policy as that set out in FEC-219/6, and therefore he felt opportunity should be afforded for the substance of his statement to be referred to all member governments before FEC-219/6 was voted on.

With regard to the question of delay, he recalled that the Australian Delegation had often urged that decisions be expedited on matters affecting reparations. Circumstances had now reached a stage where early convocation of a peace conference might be expected, and it was appropriate that matters, upon which agreement had not yet been reached, of as vital a nature as allocations of reparations, should be referred to such a conference where the Foreign Ministers, vested with full plenipotentiary powers, might work out agreements.

ADMIRAL RAMISHVILI observed that three points were raised in the Australian statement: That allocation of reparations lay outside the jurisdiction of the Far Eastern Commission, that a tribunal of three members should be established to prepare the way for a reparations settlement at the peace conference, and that the reparations settlement itself was a question to be referred to the peace conference. These points were themselves questions outside the Terms of Reference of the Far Eastern Commission, and were matters which obviously must be handled through diplomatic channels, he thought. He therefore wondered whether it was the general feeling of representatives that all reparations work in the Far Eastern Commission should be postponed until decisions had been reached on the three questions raised by the Australian statement. Such a course, he pointed out, would result in very lengthy delay with regard to any further work on reparations.

MR. SEN agreed that the Far Eastern Commission had no authority to deal with questions outside its Terms of Reference, but he did feel that interpretation of the Terms of Reference was within the competence of the Commission. A decision as to the competence of the Commission to consider reparations allocations should, he thought, be reached by the representatives themselves, in consultation with their governments.

COLONEL POWLES referred to the fact, recorded on the cover page of FEC-219/6, that the New Zealand member of the Steering Committee had abstained from voting on the motion to forward the paper to the Commission. This abstention, he explained, had been the result of a preference for adoption of the entire paper on Basic Post-Surrender Policy rather than such piece-meal passage of the paper as was represented by FEC-219/6. Furthermore, he said, there was a lack of conviction on the part of his Government that passage of that section of the basic policy paper which

RESTRICTED

dealt with reparations was necessary to the continued study and consideration of the reparations question by the Commission.

The New Zealand view, COLONEL POWLES continued, had long been that reparations should be divided on a broad political basis, since the factors involved in such distribution were too disparate for purely statistical or judicial consideration. It had also been the New Zealand view that the Far Eastern Commission had full authority to deal with the problem of reparations, including the question of allocation. While he realized that the challenge to this authority contained in the Australian statement was deserving of full consideration, he desired to point out that the practical effect of postponement of work by the Commission on the reparations question pending consideration of the fundamental questions raised in that statement would be particularly unfortunate at the present time because of the intention on the part of the Reparations Committee to begin consideration of proposed percentage shares. If this consideration on the part of the Reparations Committee should prove fruitless, he felt that the arguments advanced in the Australian statement would then have far greater weight than they had at the present moment. Meanwhile, however, there seemed to him to be no real reason why the work of Committee No. 1 should not proceed as planned, with concurrent consideration to be given to the Australian statement.

Following a recess for the purpose of consultation, MR. MAKIN moved that consideration of the whole subject of division of reparations shares be postponed until the meeting scheduled for 8 May. He felt that this postponement might be requested on the grounds of courtesy to the Australian Delegation, in order that at least some time would be allowed for consideration of the statement he had presented and so that members might consult their governments. The motion by Mr. Makin was seconded by MR. GRAVES.

GENERAL McCOY said that he did not find it possible to view this particular request for postponement as one which should be granted simply for reasons of courtesy. If courtesy were all that were involved he would of course be perfectly willing to agree to the postponement, but he felt that issues of fundamental importance were involved and that any agreement to postpone a vote on his motion that FEC-219/6 be approved would mean that the whole work of the Commission in regard to reparations would cease for an indefinite period of time. He reiterated his opinion that his motion for the approval of FEC-219/6 and the substance of the Australian statement were not so intimately connected but that action on the one might take place and consideration of the other be postponed. However, in view of the motion which had been made and seconded to postpone consideration of the whole subject, he polled representatives regarding their views on this postponement with the following results:

Australia - For.

Canada -

Abstained. MR. COLLINS said that as a matter of courtesy to the Australian Representative he did not wish to vote against the motion to postpone, but that it appeared to him from a practical standpoint that no further action could take place in Committee No. 1 until action had been taken on the original United States motion.

RESTRICTED

China - Against. DR. KOO said that while, on the simple grounds of courtesy, he would raise no objection to a request for postponement, the nature of the fundamental questions as to the jurisdiction of the Commission which had been raised in the Australian statement would place the Commission in an extremely anomalous position if this statement and the original United States motion should be linked together. In view of the Chinese position favoring as early action as possible on any phases of the reparations question upon which agreement could be reached, he therefore found it necessary to oppose the motion to postpone consideration.

France - For. MR. DOUTEAU pointed out that solely for reasons of courtesy, he would agree to postponement of discussion. He pointed out that it had been the majority opinion of the members of the Steering Committee that passage of FEC-219/6 was not a necessary prerequisite to the work of the reparations committee on proposed percentage shares.

GENERAL McCOY stated that in the opinion of his Government approval of FEC-219/6 was a prerequisite to the work of Committee No. 1 in connection with its consideration of percentage shares.

India - For.

Netherlands - Abstained. MR. REUHLIN said that he would be inclined to oppose the motion for postponement. However, since a vote against the motion might be interpreted as discourtesy, he would abstain from voting.

New Zealand - For.

Philippines - For.

U.S.S.R. - Against.

U.K. - For.

U.S. - Against.

GENERAL McCOY again emphasized that on grounds of courtesy alone he would be perfectly willing to agree to postponement but that since he felt that this postponement could not take place without the fundamental questions of jurisdiction which had been raised in the Australian statement leading to an indefinite postponement of the work of the Commission, he must oppose the motion.

GENERAL McCOY declared the Australian statement for postponement of consideration of the whole subject of division of reparations shares to be carried by a vote of 6 to 3. He said that, since the vote was on a procedural matter rather than on a question of substance, he would consider only the numerical count of the vote, without regard to the right of the veto held by certain governments.

RESTRICTED

ADMIRAL RAMISHVILI said that although he had no objection to the ruling by the Chairman on this particular question, he desired to make it quite clear that he would feel free at any time in the future to invoke the veto right of the Soviet Government as prescribed by the Terms of Reference. Conceivably, certain so-called procedural matters might be of crucial importance and he might not be prepared in every case to agree to a ruling similar to that just made by the Chairman in the instant case.

MR. MAKIN supported General McCoy's ruling and said that he felt it would be entirely correct for a distinction to be drawn between questions of procedure and questions of substance. Indeed, he would take the strongest exception to the veto power being exercised by any government in connection with procedural matters.

GENERAL McCOY said that he would bear in mind both of the views just stated and would, as a matter of course, make any similar future rulings in conformity with the consensus of representatives as to the specific issues involved.

ITEM 3 - BASIC POST-SURRENDER POLICY FOR JAPAN (FEC-014/4)

THE COMMISSION unanimously agreed to postpone further consideration of FEC-014/4.

ITEM 4 - SOURCES OF JAPANESE IMPORTS (FEC-060/11; FEC-060 series)
DESTINATION OF JAPANESE EXPORTS (FEC-032/21; FEC-032 series)

ADMIRAL RAMISHVILI said that he would prefer to discuss these two subjects at the meeting scheduled for Thursday, 8 May. He was quite certain that he would be prepared at that time to express the definitive views of the Soviet Government on these papers.

THE COMMISSION unanimously agreed to postpone further consideration of these subjects.

ITEM 5 - ADVANCE TRANSFERS OF JAPANESE REPARATIONS (FEC-201/1)

THE COMMISSION unanimously agreed to postpone further consideration of FEC-201/1.

ITEM 6 - RELEASE TO THE PRESS OF FEC-083/5, COMMISSION POLICY
DECISION ON ASSURED PRODUCTION CAPACITY LEVELS FOR JAPAN

THE COMMISSION unanimously agreed to postpone further consideration of this subject.

ITEM 7 - REPORT ON JAPANESE EXTERNAL ASSETS (FEC-072)

THE COMMISSION unanimously agreed to postpone further consideration of FEC-072.

RESTRICTEDITEM 8 - THE WORK OF THE COMMISSION (FEC-105/2, SC-049/2, FEC-224)

THE COMMISSION unanimously agreed to postpone further consideration of this subject.

ITEM 9 - OTHER BUSINESS

There was no other business.

ITEM 10 - PRESS RELEASE

THE COMMISSION unanimously agreed that no statement regarding the foregoing proceedings should be released to the press.

The meeting adjourned at 1:05 P.M.

FEC-228

The Reopening of Private
Trade with Japan

228

Reopening of Private Trade

7-28

FEC-228RESTRICTEDFEC-2286 May 1947FAR EASTERN COMMISSIONTHE REOPENING OF PRIVATE TRADE WITH JAPANNote by the Secretary General

The enclosure, a proposed policy statement regarding the reopening of private trade with Japan, submitted by the Australian Representative, is circulated herewith for the consideration of the Far Eastern Commission and is referred to COMMITTEE NO. 2: ECONOMIC AND FINANCIAL AFFAIRS.

NELSON T. JOHNSON
Secretary General

FEC-228

RESTRICTEDE N C L O S U R ETHE REOPENING OF PRIVATE TRADE WITH JAPAN

1. Private traders who are nationals of members of the Far Eastern Commission should be permitted as soon as practicable to enter Japan for the purpose of making necessary preliminary arrangements for resumption of their business.

2. Equality of opportunity should be afforded traders of all countries which are members of the Far Eastern Commission. To the extent that shortage of accommodation may limit the number of traders which can be admitted, quotas for each country should be established, on the recommendation of the Inter-Allied Trade Board. The individual traders should be selected by their own Governments within the limits of these quotas. Accommodation for private traders should be allocated on an impartial basis. Opportunities should be afforded for the admission of representatives of all branches of trade, including banking, insurance, shipping, and airlines.

3. Traders should be authorized to have direct access to individual Japanese firms and not necessarily through Boeki Cho. They should not be subject to direction as to the particular Japanese firms with whom they shall deal.

4. No encouragement should be given to any reciprocal arrangements whereby Japanese business representatives would enter Allied countries or obtain other reciprocal benefits.

5. The actual resumption of private trade with Japan, including decisions as to date and conditions, should be deferred until the peace conference.

FEC-228

ITEM ~~4~~ - TRADE REPRESENTATIVES IN JAPAN (FEC-088/9; FEC-088/2, FEC-088 series)

FEC-088/9, containing amendments to FEC-088/2, the FEC policy on ~~the~~ Allied Trade Representatives in Japan, was approved by the Steering Committee on 29 July. The Soviet position is opposed to the proposal. The question of the inclusion of a definition of "negligible" as one-tenth of one percent of the total annual volume of pre-war ~~the~~ Japanese foreign trade was raised by the Indian Representative on 31 July and was left for reconsideration at the time of final action.

ITEM - ~~REOPENING OF PRIVATE TRADE WITH JAPAN~~
(FEC-228/6; 228 series)

FEC-228/6, ~~was~~ a proposed policy decision, was approved by the Steering Committee on 29 July 1947. The Soviet position is opposed to the proposal, ~~and the Chinese and Philippine~~
~~positions are reserved.~~

Subcommittee 11 Sept 47
 Dwyer, ~~Blaker~~ ^{McConnell} PI ^{China?}
^{US 3} ^{VSSR} ^{VK} ^{Canada} ^{Rogers}
^{McConick}

Blake to shield Spain if others don't revolt

Re exhibit of 1/10 of 190 we give UN Trade Pacts & non-UN we get in except Spain

Blake US to vote for 1/10 of 190 defn of negligible

Chen to exclude Spain to Spain challenge a figs?

Ram Will suit to my govt

How guarantee a figs as official less than 1/10 of 190 according to the annual return of the Rom Trade of Japan, Vol II

Graves How ab Switzerland

US Switz has a quota

Graves We also see name if
defined in term of chart

negligible less 1/10 of 1070
of trade by value for the
yrs 35 - 36 according
to the Annual Report of
the Com Trade of Japan
Vol II

US dont dig 1 source by putting in
paper - put 3 sources in
minutes

Graves see "official source" in
paper

eg less 1/10 of 1% of the average
trade volume by value
for the year 35 L
36 ~~as indicated~~
according to data office
data submitted to the
F E C

HC 228/29

Fec. Restricted
Fec 228/29
15 September 1947F - E - C -
Report of Trade Representatives Subcommittee

(References: Fec-228/6, Fec-088/9, Fec-088/12.)

ad hoc Subcommittee on
Trade Representatives in Japan and
Reopening of Private Trade with Japan

Vote by the Sec - Gen -

, in accordance with its instructions (Fec 088/11, Fec 228/8)

1. The Trade Representatives Subcommittee reports to

the Commission that ~~the results of~~ the Subcommittee

met on 11 September 1947 with Canadian, Chinese

members present from the delegations of Canada,

China, India, the Republic of the Philippines, the

Soviet Union, the United Kingdom, and the

United States. The Subcommittee examined

data submitted by the U-S member regarding

pre-war trade between Japan and certain

nations not represented on the F-E-C-

(Fec 088/12) and agreed to recommend that

Fec 088/9, Trade Representatives in Japan, and

Fec 228/6, Reopening of Private Trade with Japan,

be approved with the incorporation of the

following phrase at the end of paragraph 1, b
of Fec 088/9 and at the end of the

twelfth line of paragraph 3 of FC 228/6:

"i.e., less than one-tenth of one percent of the average trade volume by value for the years 1935 and 1936, according to official data submitted to the Far Eastern Commission as shown in FC 088/12."

2. The Soviet position on ~~the~~ the recommendation of the Subcommittee is reserved, pending receipt of ^{governmental} instructions.

~~from~~

N T J
Sec - Gen -

FEC-273/2FEC-RESTRICTEDFEC-273/23 October 1947FAR EASTERN COMMISSION

OPERATION OF PRIVATE TRADE IN JAPAN
(References: 273 series; FEC-228/6;
FEC-088/9)

Note by the Secretary General

The Far Eastern Commission at its seventy-fifth meeting, 2 October 1947, unanimously agreed to table FEC-228/6, Reopen-ing of Private Trade with Japan, and FEC-088/9, Trade Repre-sentatives in Japan, and to refer FEC-273, Operation of Private Trade in Japan to COMMITTEE NO. 2: ECONOMIC AND FINANCIAL AFFAIRS for consideration.

NELSON T. JOHNSON
Secretary General

FEC-273/2

C2-228/1RESTRICTEDC2-228/13 June 1947FAR EASTERN COMMISSIONCOMMITTEE NO. 2: ECONOMIC AND FINANCIAL AFFAIRSTHE REOPENING OF PRIVATE TRADE WITH JAPAN
(Reference: FEC-228)Note by the Secretary General

The enclosure, amendments to the Australian proposal on the reopening of private trade with Japan (FEC-228), submitted by the French member, is circulated herewith for the consideration of COMMITTEE NO. 2: ECONOMIC AND FINANCIAL AFFAIRS.

NELSON T. JOHNSON
Secretary General

C2-228/1

RESTRICTEDE N C L O S U R ETHE REOPENING OF PRIVATE TRADE WITH JAPAN

FEC-228 to be amended as follows:

1 - paragraph 1, line 3:

delete the word "preliminary" at the end of the line;

2 - paragraph 2:

at the end of the paragraph, add the phrase:
"Traders of other countries, which are members
of the United Nations, could be admitted later
on, when quotas are revised as a consequence of
an improvement in the accommodation availabilities
in Japan".

3 - to paragraph 5, substitute the new wording:

"The Inter-Allied Trade Board will make recommenda-
tions as to the date and condition of the actual
resumption of private trade with Japan".

C2-228/1

C2-228/2RESTRICTEDC2-228/212 June 1947FAR EASTERN COMMISSIONCOMMITTEE NO. 2: ECONOMIC AND FINANCIAL AFFAIRSTHE REOPENING OF PRIVATE TRADE WITH JAPANNote by the Secretary General

The enclosure, amendments to the Australian proposal on the Reopening of Private Trade with Japan (FEC-228), submitted by the United Kingdom member, is circulated herewith for the consideration of COMMITTEE NO. 2: ECONOMIC AND FINANCIAL AFFAIRS.

NELSON T. JOHNSON
Secretary General

C2-228/2

RESTRICTEDE N C L O S U R ETHE REOPENING OF PRIVATE TRADE WITH JAPAN

1. Private traders who are nationals of members of the Far Eastern Commission except Germans should be permitted as soon as practicable to enter Japan for the purpose of making the necessary arrangements for resumption of their business and private trade should be permitted after a date to be determined on the recommendation of the Inter-Allied Trade Board.

2. Equality of opportunity should be afforded traders of all countries which are members of the Far Eastern Commission except Germany. Non-Japanese who are already resident in Japan should not be permitted to engage in private trade before the date determined in accordance with paragraph 1. To the extent that shortage of accommodation may limit the number of traders which can be admitted, quotas for each country should be established on the recommendation of the Inter-Allied Trade Board. The individual traders should be selected by their own governments within the limits of these quotas. Accommodation for private traders should be allocated on an impartial basis. Opportunities should be afforded for the admission of representatives of all branches of trade, including banking, insurance, shipping and airlines, and of industrialists, particularly those who were active in Japan before the war and own factories there.

3. Traders should be authorized to have direct access to individual Japanese firms and not necessarily through Boeki Cho. They should not be subject to direction as to the particular Japanese firms with whom they shall deal. They should be permitted to trade only in those lines of business which are thrown open to private trade. Public announcement should be made indicating which lines of business are open to private trade or, alternatively, which are reserved to governments. A system of import and export licensing may be employed to ensure compliance with this and other statements of policy applicable to Japan's foreign trade.

4. No encouragement should be given for the present to any reciprocal arrangements whereby Japanese business representatives would enter Allied countries or obtain other reciprocal benefits other countries.

5. The actual resumption of private trade with Japan, including decisions as to date and conditions, should be deferred until the peace conference. This policy supersedes those provisions of C2-017/13 with which it is in conflict, but the activities of private traders should be subject to the provisions of that statement of policy so far as they are applicable.

C2-228/3RESTRICTEDC2-228/313 June 1947FAR EASTERN COMMISSIONCOMMITTEE NO. 2: ECONOMIC AND FINANCIAL AFFAIRSTHE REOPENING OF PRIVATE TRADE WITH JAPAN: SOVIET PROPOSALSNote by the Secretary General

The enclosure, an alternative to the Australian proposal on the Reopening of Private Trade with Japan (FEC-228), submitted by the Soviet member, is circulated herewith for the consideration of COMMITTEE NO. 2: ECONOMIC AND FINANCIAL AFFAIRS.

NELSON T. JOHNSON
Secretary General

C2-228/3

RESTRICTEDE N C L O S U R ETHE REOPENING OF PRIVATE TRADE WITH JAPAN: SOVIET PROPOSALS

1. It is desirable that private with Japan be reestablished in the shortest possible time.
2. Private traders as well as representatives of private corporations and other trade organizations should be permitted unhampered entrance to Japan and opportunity to move freely in Japan and contact with Japanese firms
3. The right to conclude contracts and transactions should be given not only to the Trade Administration of the Japanese Government (Boeki Cho) but also to Japanese private firms and at the same time the Japanese Government should guarantee the fulfilment by the Japanese firms of the obligations taken by them in connection with the concluded trade transactions.
4. The Allied Powers - members of the Far Eastern Commission - may send to Japan trade representatives and private traders in such number as is necessary for them to carry out the trade transactions with Japan planned by these countries, without establishing for them any quotas.
5. The number of trade representatives of the Allied Powers, not members of the Far Eastern Commission, should be established depending upon the volume of their external trade expressed in value in 1936.
6. It may be permitted to send to Japan traders and representatives of trade organizations of countries - former allies of Japan, i.e. Germany and Italy, insofar as these countries have taken the road of democratic development. The number of representatives of firms and private traders of these countries to enter Japan should be determined separately.

C2-228/4RESTRICTEDC2-228/41 July 1947FAR EASTERN COMMISSIONCOMMITTEE NO. 2: ECONOMIC AND FINANCIAL AFFAIRSTHE REOPENING OF PRIVATE TRADE WITH JAPANNote by the Secretary General

The enclosure, a report by Subcommittee No. 1: Policy and Organization for Immediate Import-Export Program, on the proposals for a policy statement on the Reopening of Private Trade with Japan (FEC-228 series), is circulated herewith for the consideration of COMMITTEE NO. 2: ECONOMIC AND FINANCIAL AFFAIRS.

NELSON T. JOHNSON
Secretary General

C2-228/4

RESTRICTEDE N C L O S U R ETHE REOPENING OF PRIVATE TRADE WITH JAPAN

1. As soon as practical the following categories of businessmen should be permitted entry into Japan:
 - a. Merchants and other traders who are prepared to purchase or to make arrangements for future purchases of potential exports, or to provide raw materials or other commodities which Japan must import.
 - b. Representatives of banks, insurance companies, airlines, and shipping companies who are prepared to render necessary services in connection with Japan's foreign trade either to private non-Japanese businessmen, to the Supreme Commander for the Allied Powers or to Japanese persons or agencies approved by him.
 - c. Representatives of companies or individuals with substantial prewar property interest in Japan, particularly representatives of property owners who cannot make satisfactory provision through the use of powers-of-attorney to relieve SCAP of custodial responsibility.
2. Resumption of private trade should be permitted after a date to be determined on the recommendation of the Inter-Allied Trade Board. Non-Japanese who are already resident in Japan should not be permitted to engage in private trade before such date.
3. Equality of opportunity to enter and trade in Japan should be afforded traders of all countries except Germany. To the extent that shortage of accommodations may limit the number of traders which can be admitted, quotas for each country should be established on the recommendation of the Inter-Allied Trade Board. Such quotas should be established with due regard to such factors as relating prewar commercial interests in Japan, the current situation as to potential market for Japanese exports and sources of imports, and with special consideration for the minimum requirements of FEC countries. In allocating quotas to neutral countries account should be taken of the presence of traders of these countries in Japan. However, there shall be no quota for Germans from Germany. The individual traders should be selected by their governments within the limits of their quotas, subject to final approval by SCAP.
4. There should be no discrimination against any foreign businessmen in Japan and all should be accorded equality of opportunity. Accommodations should be allocated to traders entering Japan under the provisions of this paper on an impartial basis.
5. Traders should be authorized to have direct access to individual Japanese firms and not necessarily through Boeki Cho. They should not be subject to direction as to the particular Japanese firms with whom they shall deal and should have the opportunity to move freely in Japan, subject only to availability of transport and accommodations. They should be permitted to trade only in those lines of business which are thrown open to private trade. Public announcement should be made indicating which lines of business are open to private trade or, alternately, which are reserved to governments. A system of import and export licensing should be employed to ensure compliance with this and other statements established in accordance with the terms of reference of the Far Eastern Commission.
6. Entry of private traders under a quota system will not affect the arrangements for entry of such government officials or representatives of semi-governmental trading organizations as may be required to facilitate trade between Japan such country. The number of such representatives to be admitted for such trading should continue to be a matter of mutual agreement between SCAP and the country concerned.

SC-228/5FEC-RESTRICTEDSC-228/518 July 1947FAR EASTERN COMMISSIONTHE REOPENING OF PRIVATE TRADE WITH JAPAN
(References: FEC-228 series, SC 243)Note by the Secretary General

1. The enclosure, a proposed policy on the Reopening of Private Trade with Japan, approved by Committee No. 2: Economic and Financial Affairs at its 67th meeting, 17 July 1947, is forwarded herewith for the consideration of the STEERING COMMITTEE.

2. The Soviet Member opposed the motion that the document be approved and forwarded to the Steering Committee. The Australian, Chinese, Philippine and Soviet Members reserved their positions on the enclosure and the United States Member reserved his position on the addition of the words "and other" after the word "shipping" in the second line of paragraph 1. b.

3. The Committee recommends that the Steering Committee act urgently on the enclosure preferably without waiting to reach a decision on the nationality issue raised in SC-243.

4. In accordance with paragraph 3 of FEC-067/3, Committee No. 2 recommends that the enclosure be released for the press after being received by the Supreme Commander for the Allied Powers.

NEILSON T. JOHNSON
Secretary General

SC-228/5

*removed
22 July 47*

*US reservation
changed to
general
one
22 July 47*

FEC-RESTRICTEDENCLOSURETHE REOPENING OF PRIVATE TRADE WITH JAPAN

1. As soon as practical the following categories of businessmen should be permitted entry into Japan:

a. Merchants and other traders who are prepared to purchase or to make arrangements for future purchases of potential exports, or to provide raw materials or other commodities which Japan must import.

b. Representatives of banks, insurance companies, airlines, and shipping and other companies who are prepared to render necessary services in connection with Japan's foreign trade either to private non-Japanese businessmen, to the Supreme Commander for the Allied Powers or to Japanese persons or agencies approved by him.

c. Representatives of companies or individuals with substantial prewar property interest in Japan, particularly representatives of property owners who cannot make satisfactory provision through the use of powers-of-attorney to relieve SCAP of custodial responsibility.

2. Resumption of private trade should be permitted after a date to be determined on the recommendation of the Inter-Allied Trade Board. Non-Japanese who are already resident in Japan should not be permitted to engage in private trade before such date.

3. Equality of opportunity to enter and trade in Japan should be afforded traders of all countries. However, to the extent that shortage of accommodations may limit the number of traders which can be admitted, quotas for each country should be established on the recommendation of the Inter-Allied Trade Board. Such quotas should be established with due regard to such factors as ~~existing~~ pre-war commercial interests in Japan, the current situation as to potential market for Japanese exports and sources of imports, and with special consideration for the minimum requirements of FEC countries. In allocating quotas to neutral countries account should be taken of the presence of traders of these countries in Japan. The individual traders should be selected by their governments within the limits of their quotas, subject to final approval by SCAP.

4. There should be no discrimination against any foreign businessmen in Japan and all should be accorded equality of opportunity. Accommodations should be allocated to traders entering Japan under the provisions of this paper on an impartial basis.

5. Traders should be authorized to have direct access to individual Japanese firms and not necessarily through Boeki Cho. They should not be subject to direction as to the particular Japanese firms with whom they shall deal and should have the opportunity to move freely in Japan, subject only to availability of transport and accommodations. They should be permitted to trade only in those lines of business which are thrown open to private trade. Public announcement should be made indicating which lines of business are open to private trade or, alternately, which are reserved to governments. A system of import and export licensing should be employed to ensure compliance with this and other policies established in accordance with the terms of reference of the Far Eastern Commission.

6. Entry of private traders under a quota system will not affect the arrangements for entry of such government officials or representatives of semi-governmental trading organizations as may be required to facilitate trade between Japan and such country. The number of such representatives to be admitted for such trading should continue to be a matter of mutual agreement between SCAP and the country concerned.

SC-228/5

FEC-228/6FEC-RESTRICTEDFEC-228/629 July 1947FAR EASTERN COMMISSIONREOPENING OF PRIVATE TRADE WITH JAPAN
(References: FEC-228 series; SC-243)Note by the Secretary General

1. The enclosure, a proposed policy on Reopening of Private Trade with Japan, was approved by the Steering Committee at its seventy-third meeting, 29 July 1947, and is forwarded herewith for the consideration of the Far Eastern Commission.

2. The Soviet Member opposed the enclosure and the Chinese and Philippine Members reserved their positions.

3. In accordance with paragraph 3 of FEC-067/3, the Steering Committee recommends that the enclosure be released to the press after being received by the Supreme Commander for the Allied Powers.

NELSON T. JOHNSON
Secretary General

FEC-228/6

FEC-RESTRICTEDE N C L O S U R EREOPENING OF PRIVATE TRADE WITH JAPAN

1. As soon as practical the following categories of businessmen should be permitted entry into Japan:

a. Merchants and other traders who are prepared to purchase or to make arrangements for future purchases of potential exports, or to provide raw materials or other commodities which Japan must import.

b. Representatives of banks, insurance companies, airlines, and shipping and other companies who are prepared to render necessary services in connection with Japan's foreign trade either to private non-Japanese businessmen, to the Supreme Commander for the Allied Powers or to Japanese persons or agencies approved by him.

c. Representatives of companies or individuals with substantial prewar property interest in Japan, particularly representatives of property owners who cannot make satisfactory provision through the use of powers-of-attorney to relieve SCAP of custodial responsibility.

2. Resumption of private trade should be permitted after a date to be determined on the recommendation of the Inter-Allied Trade Board. Non-Japanese who are already resident in Japan should not be permitted to engage in private trade before such date.

3. Equality of opportunity to enter and trade in Japan should be afforded traders of all countries. However, to the extent that shortage of accommodations may limit the number of traders which can be admitted, quotas for each country should be established on the recommendation of the Inter-Allied Trade Board. Such quotas should be established with due regard to such factors as pre-war commercial interests in Japan, the current situation as to potential market for Japanese exports and sources of imports, and with special consideration for the minimum requirements of FEC countries. No quotas should be established for countries not Members of the United Nations whose pre-war trade with Japan was negligible. In allocating quotas to neutral countries account should be taken of the presence of traders of those countries in Japan. The individual traders should be selected by their Governments within the limits of their quotas, subject to final approval by SCAP.

4. There should be no discrimination against any foreign businessmen in Japan and all should be accorded equality of opportunity. Accommodations should be allocated to traders entering Japan under the provisions of this paper on an impartial basis.

5. Traders should be authorized to have direct access to individual Japanese firms and not necessarily through Boeki Cho. They should not be subject to direction as to the particular Japanese firms with whom they shall deal and should

FEC-RESTRICTED

have the opportunity to move freely in Japan, subject only to availability of transport and accommodations. They should be permitted to trade only in those lines of business which are thrown open to private trade. Public announcement should be made indicating which lines of business are open to private trade or, alternately, which are reserved to governments. A system of import and export licensing should be employed to ensure compliance with this and other policies established in accordance with the terms of reference of the Far Eastern Commission.

6. Entry of private traders under a quota system will not affect the arrangements for entry of such government officials or representatives of semi-governmental trading organizations as may be required to facilitate trade between Japan and such country. The number of such representatives to be admitted for such trading should continue to be a matter of mutual agreement between SCAP and the country concerned.

FEC-228/7FEC-RESTRICTEDFEC-228/731 July 1947FAR EASTERN COMMISSIONREOPENING OF PRIVATE TRADE WITH JAPAN
(Reference: FEC-228/6)Note by the Secretary General

The following paragraph should be substituted for paragraph 2 of the cover page to FEC-228/6:

"The Steering Committee approved the enclosure by a vote of 6 to 1 with the U.S.S.R. opposed and China, France, New Zealand and the Philippines abstaining."

NELSON T. JOHNSON
Secretary General

FEC-228/7

FEC-228/8FEC-RESTRICTEDFEC-228/84 September 1947FAR EASTERN COMMISSIONREOPENING OF PRIVATE TRADE WITH JAPAN
(References: FEC-228 series; SC-243)Note by the Secretary General

The Far Eastern Commission at its seventy-first meeting, 4 September 1947, referred FEC-228/6, Reopening of Private Trade with Japan, to an ad hoc subcommittee of the whole Steering Committee, with the United States Representative as Chairman and with instructions to report back to the Far Eastern Commission.

SAMUEL S. STRATTON
Acting Secretary General

FEC-228/8

FEC-228/9

FEC-RESTRICTEDFEC-228/915 September 1947FAR EASTERN COMMISSIONREPORT OF AD HOC SUBCOMMITTEE ON TRADE REPRESENTATIVES
IN JAPAN AND REOPENING OF PRIVATE TRADE WITH JAPAN
(References: FEC-228/6, FEC-088/9, FEC-088/12)Note by the Secretary General

1. The ad hoc Subcommittee on Trade Representatives in Japan and Reopening of Private Trade with Japan, in accordance with its instructions (FEC-038/11, FEC-228/8), reports to the Commission that the Subcommittee met on 11 September 1947 with members present from the delegations of Canada, China, India, the Republic of the Philippines, the Soviet Union, the United Kingdom, and the United States. The Subcommittee examined data submitted by the United States member regarding pre-war trade between Japan and certain nations not represented on the Far Eastern Commission (FEC-088/12) and agreed to recommend that FEC-088/9, Trade Representatives in Japan, and FEC-228/6, Reopening of Private Trade with Japan, be approved with the incorporation of the following phrase at the end of paragraph 1 b of FEC-088/9 and at the end of the twelfth line of paragraph 3 of FEC-228/6:

"i.e., less than one-tenth of one percent of the average trade volume by value for the years 1935 and 1936, according to official data submitted to the Far Eastern Commission as shown in FEC-088/12."

2. The Soviet position on the recommendation of the Subcommittee is reserved, pending receipt of governmental instructions.

NELSON T. JOHNSON
Secretary General

FEC-228/9

FEC-228/10FEC-RESTRICTEDFEC-228/1018 September 1947FAR EASTERN COMMISSIONREOPENING OF PRIVATE TRADE WITH JAPAN
(References: FEC-228/6, 228/9)Note by the Secretary General

The Far Eastern Commission at its seventy-third meeting, 18 September 1947, referred FEC-228/6, Reopening of Private Trade with Japan, back to the ad hoc subcommittee of the whole Steering Committee under the Chairmanship of the United States Representative for further consideration.

NELSON T. JOHNSON
Secretary General

FEC-228/10

SC-229

Property of Accused
War Criminals

229. Property of Accused War Criminals:
Number of War Criminals Who
Have Died Before Verdict

229. Property of Accused War Criminals:
Number of War Criminals who
Have Died Before Verdict

142

COPY NO. _____

SC-229CONFIDENTIALSC-2296 May 1947FAR EASTERN COMMISSION

PROPERTY OF ACCUSED WAR CRIMINALS
(References: 204 series; FEC-007/7;
C5-005)

Note by the Secretary General

1. Pursuant to the decision of the Steering Committee at its sixty-third meeting, 6 May 1947, the enclosure, paragraph 3 of SC-204/7, Property of Convicted and Accused War Criminals, is circulated herewith as a separate paper to be considered at the meeting of the STEERING COMMITTEE scheduled for 20 May 1947.

2. The attention of all concerned is invited to the classification of this document which prohibits the dissemination of the information contained therein to unauthorized persons or to the press.

NELSON T. JOHNSON
Secretary General

SC-229

CONFIDENTIALENCLOSUREPROPERTY OF ACCUSED WAR CRIMINALS

The property taken under control by military commanders of accused persons who ^{are acquitted or who} die before completion of trial should be returned to the ^{the accused persons or} legal heirs, provided that where it is ^{as the case may be} claimed that its acquisition was unlawful or inconsistent with occupation policy directives, or where its release to ^{these persons} (the legal heirs) would be inconsistent with such directives, ^{acquittal or} the death should not prevent its forfeiture or other treatment pursuant to occupation policy directives.

Approved - 5/20/47
(USSR receipt)

SC-229PROPERTY OF ACCUSED WAR CRIMINALS

The following phraseology is submitted as an alternative to the enclosure to this paper:

"The impounded property of accused persons who are acquitted or who die before the completion of their trial shall be released to the lawful owners".

SC-229/1RESTRICTEDSC-229/17 May 1947FAR EASTERN COMMISSION

PROPERTY OF ACCUSED WAR CRIMINALS: NUMBER OF WAR CRIMINALS
WHO HAVE DIED BEFORE VERDICT
(Reference: SC-229)

Note by the Secretary General

The enclosure, a reply by the Supreme Commander for the Allied Powers to an informal query by the Secretariat concerning alleged war criminals who have died or committed suicide before verdict, is circulated herewith for the information of the STEERING COMMITTEE in connection with its consideration of SC-229, Property of Accused War Criminals.

NELSON T. JOHNSON
Secretary General

SC-229/1

RESTRICTEDE N C L O S U R EPROPERTY OF ACCUSED WAR CRIMINALS: NUMBER OF WAR CRIMINALS
WHO HAVE DIED BEFORE VERDICT

In reply to your query of 27 April 1947, two alleged war criminals have died from natural causes and none have committed suicide while under United States custody in Japan and before announcement of verdict by a war crimes tribunal. Six alleged Japanese war criminals committed suicide and none died of natural causes while under Japanese police custody.