

SFE Memoranda



TOP SECRETCOPY NO. 18 ~~JMA~~ HBSerial 000547**TOP SECRET**6 August 1947MEMORANDUM FOR THE STATE-WAR-NAVY COORDINATING SUBCOMMITTEE  
FOR THE FAR EASTSubject: Korea - Foreign Commerce in the Initial Period  
(SFE 114/7).

On 1 August 1947, the Subcommittee informally agreed that no further action on the subject paper is necessary as the problem is being handled by other means. SFE 114/7 is therefore removed from the Agenda and will no longer be carried on the Monthly Status of Far East Subcommittee papers.

J. B. CRESAP  
Comdr. USN  
Secretary**TOP SECRET**TOP SECRET



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COPY NO. 1815 July 1947

MEMORANDUM FOR THE SWNC SUBCOMMITTEE FOR THE FAR EAST:

Subject: Postponing Consideration of Certain Papers.

1. It is requested that consideration of the papers listed below be temporarily deferred, pending receipt and circulation of amendments from the Department of State.

a. SWNCC 284/4, SETTLEMENT OF AMOUNTS DUE REPATRIATED JAPANESE.

b. SWNCC 378, DISPOSITION OF ASSETS IN JAPAN OF CERTAIN INSTITUTIONS.

J. B. CRESAP,  
Commander, USN,  
Secretary

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25 June 1947

STATE-WAR-NAVY COORDINATING SUBCOMMITTEE  
FOR THE FAR EAST

MEMORANDUM FOR INFORMATION

Note by the Secretary

1. In response to SWN-5275, dated 1 April 1947, there is being circulated for consideration by the Subcommittee:

- (1) Country Report on the Philippines June 23, 1947
- (2) Country Report on Siam June 23, 1947

2. The above documents are working party reports. To conform with other reports being submitted to the SWNC Special Ad Hoc Committee, they will not be identified by an SFE number and will have a special cover page. When received, studies on additional countries in the Far East will be circulated in the same manner.

S-  
Ed. Eddy  
W-  
Ding  
Jimmie  
Goodfellow  
N-  
all  
Capt.  
Sinton

*Work handled by Jack Gardiner + Weigle.*

J. B. CRESAP  
Commander, USN  
Secretary

Working Members		War	Nav
Philippines - Ely	D	Ed. Weston	Mitz
Siam - Saylor	D	Ed. DeFury	
China - Ringwall	D		
NET - (Lang & Jandy)	W		
Indo-China - Ogburn	W		

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18E  
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Serial No. 00539

File 24  
~~SA~~

1 April 1947

MEMORANDUM FOR The State-War-Navy Coordinating Subcommittee  
For the Far East

Subject: Policy for the Interchange of Materials Between  
Japan and Other Countries (SFE 187)

References: a. CINCFE C 50564 (CM-IN-563) to War Department  
4 March 1947  
b. GHQ SCAP Circular No. 12 of 5 December 1946

1. The enclosure is circulated herewith for consideration  
by the Subcommittee.

2. In submitting the enclosure, Mr. Penfield, Acting  
Chairman, recommended that SFE 187 be withdrawn from considera-  
tion in accordance with Mr. Schuler's memorandum.

J. B. CRESAP  
Commander, USN  
Secretary



S E C R E T

Memorandum from Mr. F. A. Schuler (ADO, State) to  
Mr. John Emmerson (SJK, State)

Reference telegram from CINCFE to War Department C 50564,  
CM IN 563, March 4, 1947.

While SCAP states that he concurs with each paragraph with the exception of paragraph F of the proposed interchange paper SFE 187, it is clear from his telegram that he regards the paper as unnecessary as "the problem covered by the draft policy paper is one which SCAP has handled, within the terms of JCS directive 1380/15 and on the basis of operational experience and needs, by issuing and enforcing the regulations known as GHQ, SCAP circular number 12 of 5 December 1946". Furthermore, SCAP recommends that "international discussions of the matter" be "not initiated at this time if it can be avoided". With respect to paragraph f. which provides "Pending the relaxation of present postal restrictions, the conclusion of informal agreements whereby individuals and organizations of the countries concerned may interchange, on a permanent or loan basis, materials listed in 4e. shall be permitted, provided that such materials be used for non-commercial purposes", SCAP says that he "Cannot concur unless it is made clear that the informal agreements must be concluded through SCAP and that the materials involved are routed through a SCAP clearing house and are not sent directly through the mails. It is administratively impossible to distinguish between acceptable non-commercial materials and non-acceptable commercial or commercial materials in the ordinary mails". Finally, SCAP recommends that the draft policy paper be shaped to fit circular no. 12.

As SCAP states that he is prepared to handle under circular no. 12 the import of materials into Japan on a non-commercial basis, and as his arguments with respect to the control of materials and as to the submission of the matter to FEC at this time would appear to be compelling, we are of the opinion that SFE 187 should be withdrawn for the time being. Informal

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conversations with the Reorientation Branch of CAD of the War Department indicate that the War Department shares our views. It is felt that no useful purpose would be served by shaping the policy paper to fit circular no. 12. The purpose of the paper, inter alia, was to encourage material exchanges on a non-commercial basis, and if SCAP can do this administratively nothing further is required. We are now beginning to give active consideration both in State and War to the publication of SCAP circular no. 12 plus an appeal for the dispatch of cultural and informational materials to Japan, which would encourage the implementation of such provisions of SFE 187 as are feasible at this time without international consultation. Accordingly, it is recommended that formal action be taken to withdraw this paper.



SFE-187

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SECRET  
Serial No. 00539

1 April 1947

MEMORANDUM FOR The State-War-Navy Coordinating Subcommittee  
For the Far East

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Commander, USN  
Secretary



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S E C R E T

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S E C R E TCOPY NO. 19March 20, 1947~~21~~STATE-WAR-NAVY COORDINATING COMMITTEESPECIAL AD HOC COMMITTEEMEMORANDUM OF REQUEST TO THE FAR EAST SUBCOMMITTEE OF SWNCC  
Reference: SWN-5231

1. SWNCC has appointed an ad hoc committee (The Special Ad Hoc Committee) to study and report on the problems incident to needs of foreign governments or occupied areas for substantial economic, financial or technical assistance or for military equipment, which might be provided by the U. S.
2. It is, therefore, proposed to examine from the standpoint of importance to the present and future security and well-being of the United States the requirement of certain foreign nations for U. S. assistance in the form of money, food, military equipment and other resources.
3. Within the area of concern to the Far East Subcommittee of SWNCC the following country would seem to be of chief importance in this respect:
  - a. China
4. It is requested that the Far East Subcommittee of SWNCC furnish an appreciation of the situation as it bears upon requirements for U. S. aid in the foregoing country and in others considered comparably critical and that the following specific matters be included:
  - a. Resume of aid and assistance already given since VE and VJ Day.
  - b. What types of aid are needed.
  - c. What other types of aid could be used to advantage.
  - d. Broad estimates as to the extent and timing of aid required.

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e. What gains will accrue to the U. S. in its support of stability and orderly free processes of government throughout the world.

f. What arrangements should be made and conditions attached for any aid given to each country considered.

5. SWNCC has requested that your report be in the hands of the Special Ad Hoc Committee by April 3, 1947.

WILLIAM A. EDDY  
Chairman  
Special Ad Hoc Committee



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Serial No. 000526  
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*Cleared for  
State 1/29/47  
#13*

17 January 1947

MEMORANDUM FOR THE STATE-WAR-NAVY COORDINATING SUBCOMMITTEE  
FOR THE FAR EAST

Subject: Future Policy of the United States Towards China

References: a. SWNCC 83 Series  
b. SWNCC 291 Series

1. In view of:

a. The President's statement of 18 December 1946, on the policy of the United States towards China,

b. General Marshall's personal statement on the situation in China made on 7 January 1947, prior to his departure from Nanking, and

c. General Marshall's appointment as Secretary of State, the Working Group appointed to draft a paper in response to SWNCC 83/19/D (FUTURE POLICY OF THE UNITED STATES TOWARDS CHINA), recommends that SWNCC 83/19/D be rescinded.

J. B. Cresap  
Commander, USN  
Secretary

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RESTRICTED

Serial No. 524

JBC/hmh

*JBC*  
13 January 1947

MEMORANDUM FOR THE STATE-WAR-NAVY COORDINATING SUBCOMMITTEE FOR THE FAR EAST

Subject: Status of Papers

1. Attention is invited to the Status of Papers circulated by the SWNCC Secretariat under the date 31 December 1946. Pending SFE matters are contained in this Status as Section II. Former SFE papers which are now under consideration by SWNCC or the JCS, or have been completed since the last status was published, are listed in other appropriate sections.

For the State-War-Navy Coordinating Subcommittee for the Far East:

J. B. CRESAP  
Comdr., USN  
Secretary



S E C R E T

Serial No. 00523

8 January 1947

MEMORANDUM FOR The State-War-Navy Coordinating Subcommittee  
For the Far East

Subject: Reparations Removals of Industrial Facilities and  
Merchant Shipping From Japan (SFE 162/15)

Reference: a. SWNCC 236/36

1. In compliance with reference a, SFE 162/15 has been withdrawn  
from active consideration by the Far East Subcommittee until further notice.

For the State-War-Navy Coordinating Subcommittee  
For the Far East

J. B. CRESAP  
Commander, USN  
Secretary



S E C R E T

20 December 1946

Serial No. 00519

JBC/hmh

MEMORANDUM FOR Members of the Subcommittee for the Far East

Subject: Statement of U. S. Position with Respect to Reparations Claims from Japan

References: a. SWNCC 236/29  
b. SWNCC 236/31

Enclosure: Proposed Changes and Agreements to SWNCC 236/29 and SWNCC 236/31.

1. At its 51st Meeting on 18 December 1946, SWNCC referred references a and b back to the Far East Subcommittee for revision in light of the discussion at this meeting.

2. On 19 December, an Ad Hoc Working Committee consisting of Mr. R. B. Smith (State), Lt. Col. A. G. Pixton (War), and Mr. G. M. Pollard (War) met and agreed to the revisions set forth in the enclosures, which is circulated herewith for consideration by the Subcommittee.

For the State-War-Navy Coordinating Subcommittee  
for the Far East:

J. B. CRESAP  
Comdr., USN  
Secretary



S E C R E TE N C L O S U R E

Changes and agreements to SWNCC 236/29 and proposed changes submitted by War Department - SWNCC 236/31 at Meeting on 19 December of Ad Hoc Committee consisting of Mr. R. B. Smith, State Department, Mr. Pollard, and Colonel Pixton, War Department.

ITEM

1. Agreed to: p. 274, para. 4 b (3) to read: "Total dollar or non-yen expenditures for pay subsistence and all other expenses of the occupation of Japan and Korea.
2. Agreed to: Suggested paragraph 5 in enclosure to SWNCC 236/31 to be inserted and following paragraphs to be renumbered accordingly. Shown as item 1 in SWNCC 236/31.
3. SWNCC 236/29 - para. 5 - change "segregation" to read "a classification". Agreed to.
4. SWNCC 236/29 - para. 5 a (1)(d) - no change. War Department withdrew proposal no. 2 in enclosure to SWNCC 236/31.

State Department opinion on the above:

Para. 5 a (1)(d) provides that raw materials stocks which have been declared by SCAP to be available as reparations shall be subject to the priority charge principle. It is not considered that SCAP is likely to make raw materials stocks available as reparations which are needed to meet the needs of the occupation or of the Japanese people or which should be available as commercial exports. The inclusion of raw materials stocks in this paragraph merely serves the purpose of ensuring priority charge against any such claims which might under unforeseen circumstances be declared as available for reparations. The same paragraph provides for priority charge against military and quasi-military supplies and equipment capable of sufficient use in Japan. SWNCC 58/9 and 58/10 permit SCAP to export such goods to Allies but specifically reserves decision as to whether such goods shall be considered as advance reparations or should be paid for by the recipient country. Therefore so far as such goods have been or may be available for export they should be subject to priority charges.



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5. SWNCC 236/29 - para. 5 a (2) - No agreement as yet.  
War withdrew proposal in item 3 of SWNCC 236/31.
6. SWNCC 236/29 - para. 5 b amended to read: "External assets (including foreign paper currencies and monetary coinage and other evidences found in Japan of such assets) ..."
7. SWNCC 236/29 - para. 5 b (1) amended to read: "In countries not at war with Japan and territories of such countries -- exclusive of liberated areas ..."
8. SWNCC 236/31 - Item 5 re paragraph 6 a of SWNCC 236/29 -  
State Department opinion - We thoroughly sympathize with the objectives of the amendment and equally desire to obtain for U. S. account as large a share of the Japanese liquid assets as possible. However, we see very great difficulty in obtaining international agreement to the complete assignment of all Japanese liquid assets to occupation costs as proposed by War Department amendment. We feel strongly that the U. S. negotiator should be permitted sufficient flexibility in his negotiations to permit him either to withdraw from a complete claim to such assets or to return to SWNCC for amended instructions if in his opinion the realistic opportunity for the U. S. to obtain a reasonably large share of such assets is jeopardized by an intransigent claim to all of them.

The State Department accepts the War Department amendment to para. 6 a of SWNCC 236/29 as proposed in SWNCC 236/31 so far as it applies to the establishment of a second priority charge, provided that the minutes of SWNCC show that this acceptance is contingent on the granting of sufficient flexibility in the instructions to the U. S. negotiator to permit him to return to SWNCC for further instructions should in his judgment, such action be advisable.

War Department - The War Department withdraws its proposals set out in item 5 of the enclosure to SWNCC 236/31 in so far as concerns para. 6 a (3) and (4) as revised.



S E C R E TITEM

9. It was agreed in the light of the agreements above, that para. 6 b of SWNCC 236/29 should be amended to read:
- "b. In general, all assets not required to meet priority claims established in 6 a should be allocated to claimant countries according to the following procedure:
- "An overall percentage should be determined for each claimant country by comparing the approved claims of that country with those of other countries in categories 4 a through 4 g, ~~except 4 b (1)~~ stated in paragraphs 4 c through 4 g above."
10. It was agreed that paragraph 6 e in SWNCC 236/29 should be amended to read: "Existing merchant ships in Japan should be distributed proportionately in accordance with the proven losses of merchant shipping incurred in the war against Japan up to and not more than the total value of such losses."
11. With respect to the inclosure to SWNCC 236/31, Item 6, which called for the deletion of paragraph 6 h of SWNCC 236/29, was not agreed to by the State Department and the question is open for further consideration.
12. It was agreed that the wording for paragraph 8 of SWNCC 236/29 set out in Item 7 of SWNCC 236/31 was satisfactory.
13. With respect to the inclosure to SWNCC 236/31, Item 8, the War Department proposal for disapproval of exports on reparations account from output from current or future production in Japan is not agreed to by the State Department and the matter was left open for further consideration.
14. It was agreed that Paragraph 10 I of SWNCC 236/29 should be changed to read: "I. Costs incurred by the U. S. Government as a consequence of the termination of the war with Japan and of the occupation of Japan and Korea, including all attendant expenses." Remainder remains as outlined in Item 9 of SWNCC 236/31.



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15. It was agreed that the first sentence of para. 2 of Appendix B to SWNCC 236/29 should be changed to read as follows: "2. It is ~~has been~~ considered essential that (a) national claims for reparations should be presented within a uniform pattern according to uniform category classifications and (b) an agent or agency should be designated to receive these claims; to analyze and appraise them; and, upon the basis of claims it approves, to determine the percentage shares to be assigned each claimant country of the categories of assets declared available for reparations from Japan."
16. It was agreed that lines 3 and 4, page 285, "Discussion" be amended to read as follows: "Various categories will be the product of inter-Allied negotiation in the inter-Allied Reparations Agency."
17. Page 290, para. 9 amended to read: "Actual negotiating instructions to the U. S. negotiator member of the inter-Allied Reparations Agency are embodied in paragraph 6 of the Conclusions."
18. The War Department proposal, Item 10, of the enclosure to SWNCC 236/31 for substitute wording for para. 8 of Appendix B of SWNCC 236/29 is not accepted by the State Department and the matter was left open for further consideration.
19. The War Department withdrew Item 11 of the enclosure to SWNCC 236/31.
20. It was agreed that para. 10 of Appendix B to SWNCC 236/31 should be deleted and the following substituted therefor:
- "It is stated above that the U. S. should require that all Japanese liquid assets be made available if necessary to cover priority charges. It is recognized that gold and other precious metals found in Japan do represent a category of reparations assets of special and particular interest both economic and political, to claimant countries whose restitution claims will in many cases be unfulfilled due to



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difficulty of identification. Nevertheless, it has been recommended that gold and silver be held as available to meet **priority charges**, and **only if a surplus remains** after all priority charges have been met, should gold and silver be distributed up to the value of total proven losses."

21. The War Department proposal to delete para. 11 of Appendix "B" of SWNCC 236/29 carried as Item 12 in the enclosure to SWNCC 236/31 was not accepted by the State Department and the matter was left open for further consideration.



S E C R E T

11 December 1946

Serial No. 00515JBC/hmhfile

MEMORANDUM FOR Members of the Subcommittee for the Far East

Subject: Reparations Removals of Industrial Facilities  
and Merchant Shipping from Japan

References: a. SWNCC 236 Series  
b. SFE 162/15

Enclosure: Memorandum by the Navy Member, SFE

1. The enclosure, a memorandum by the Navy Member, SFE, is circulated to the Subcommittee for reconsideration of the paragraph on oil refining capacity in SFE 162/15.

For the State-War-Navy Coordinating Subcommittee  
for the Far East:

J. B. CRESAP  
Comdr., USN  
Secretary



S E C R E T

E N C L O S U R E

MEMORANDUM BY THE NAVY MEMBER, SFE

1. Since the Subcommittee meeting on 2 December, I have made a thorough restudy of the oil problem in connection with SFE 162/15, and recommend that paragraph 5 a (7) (a), page 8, be revised to read as follows:

"(a) All refining capacity in excess of that required to process a maximum of 20,000 - 25,000 barrels of crude oil per day should be made available for claim."

2. This recommendation is made after careful consideration of figures and information from the following documents:

1. "Oil in Japan's War" - report by Strategic Bombing Survey
2. "World Wide Petroleum - report by the Petroleum Administrator for War. Supply Survey"
3. Report by the Army-Navy Petroleum Board.
4. "Twentieth Century - prepared by the Director of Naval Petroleum Statistics" Petroleum Reserves.
5. Information from the following oil companies:

Standard Oil Co.  
Texaco Co.

Shell Oil Co.  
Cal-Tex Co.

3. For comments or questions call N-61293. If informal clearance cannot be obtained I will be glad to argue for this recommendation at a Subcommittee meeting.



20 June 1946

COPY NO. 16STATE-WAR-NAVY COORDINATING COMMITTEE

MEMORANDUM FOR: Members of SWNCC  
Members of SWNCC Subcommittees  
Members of SWNCC Secretariat  
Director of Plans and Operations, War Dept.  
ACNO, Op-21, Navy Department  
Director, CAD, War Department  
ACNO, Op-35, Navy Department  
AC of AS-5, S&P Division, AAF, War Dept.  
Members of ad hoc Committee (Security  
Functions, UNO)

SUBJECT : SWNCC Organization and Procedure

1. At the 39th meeting of the State-War-Navy Coordinating Committee held on Thursday, 2 May 1946, the Committee agreed:

a. To establish a special committee consisting of a member from each Department to study the structure and procedure of SWNCC and determine if any steps can be taken to expedite actions.

b. That this special committee should collaborate with the Secretariat, SWNCC, in making this study.

The following officers were designated to act as members on this committee:

Mr. E. A. Gross, State Department, Steering Member,  
(S-3402)

Colonel C. W. McCarthy, USA (W-4078)

Lt. Colonel Albert F. Hetze, USMC (N-3917)

2. The ad hoc committee at its first meeting, after considerable discussion, decided that the following should be included among the subjects examined with an eye to improving the operating procedures of the State-War-Navy Coordinating Committee:

a. The SWNCC committee system.

b. The relationships of the top SWNCC and the SWNCC committee secretariats.

c. Steps involved in the flow of papers through SWNCC.

d. Time factors in the flow of papers through SWNCC.



e. Study of items put into SWNCC to get State Department views only.

f. The relation of SWNCC to the JCS.

g. The relation of SWNCC to the FEC.

3. The ad hoc Committee is very desirous of receiving comments from all those who have a legitimate interest in the operations of the State-War-Navy Coordinating Committee. Your comment, therefore, is solicited in regard to (a) any of the problems involved in paragraph 2 above and, (b) any additional problems which you feel might advantageously be considered by the ad hoc Committee.

4. All communications should be submitted to the SWNCC Secretariat, Room 178, State Building, 17th and Pennsylvania Avenue N. W.

A. D. REID,  
Secretary