

*(Can 0/2)*

*Understudy*

MOTION: 10 b (P1) DATE \_\_\_\_\_

VOTE   
CANVASS

	PRO	CON	ABSTAIN	REMARKS
Australia	✓			
Canada				
China	✓			
France	✓			
India	✓			
Netherlands	✓			
New Zealand				
Philippines				
USSR				
United Kingdom				
United States	✓			
TALLY:	6			

RESULT: CARRIED   
 LOST  VETO   
            NO MAJ



*Indecisive*

MOTION: 10 c (first) DATE \_\_\_\_\_

VOTE   
CANVASS

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

TALLY: 6

RESULT ;

CARRIED

LOST  VETO

NO MAJ







MOTION: #12 (delete) DATE \_\_\_\_\_

VOTE

CANVASS

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

RESULT ;

CARRIED

LOST  VETO

NO MAJ



MOTION: Para 2 (Delete) DATE \_\_\_\_\_

VOTE   
CANVASS

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

RESULT ; CARRIED   
 LOST { VETO   
       NO MAJ



OK when absent

(#2 of CI-211/10)

(Appleton to Adv. Transfer)

MOTION: \_\_\_\_\_ DATE \_\_\_\_\_

VOTE   
CANVASS

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

RESULT:

CARRIED

LOST VETO

NO MAJ







FEC-RESTRICTEDENCLOSUREREPARATIONS ALLOCATIONS PROCEDURES FOR INDUSTRIAL FACILITIES IN JAPAN

1. SCAP should be responsible for selection of the particular industrial facilities to be made available for removal from Japan as reparations in accordance with relevant policy decisions under the Terms of Reference of the Far Eastern Commission.

2. SCAP should prepare an inventory of the individual Japanese industrial facilities selected in accordance with paragraph 1 above. This inventory should include ~~any and all~~ information which would aid a prospective claimant in determining the utility of the individual facility, such as technical specifications, make, age and condition. *Industrial Far*

*Sub-Comm*

3. SCAP should determine the procedure for uniform monetary valuations and should assign such valuations to industrial facilities selected and listed under paragraphs 1 and 2 above. The purpose of such valuations is solely to provide a uniform basis of comparison among industrial facilities for the purpose of allocation. Such valuations, therefore, need have no direct relation to any other values so long as they are consistent among the reparations assets comprised of industrial facilities. Valuations should be in sufficient detail to permit charges to be made for parts of plants which may be allocated separately.

4. SCAP should submit to representatives of countries, members of the FEC, the inventory provided for in paragraph 2 and the valuations provided for in paragraph 3.

5. Upon receipt of the inventory and the valuations mentioned above, a country, member of the FEC, may lodge with SCAP claims for the allocation to it of particular industrial facilities.

6. SCAP should set up reparations accounts for recipient countries. The value of the facilities received by any one country should not exceed its percentage share of the total value of the industrial facilities selected by SCAP for removal as reparations. In accordance with FEC-094/4 (DELIVERY OF REPARATIONS GOODS IN JAPAN, approved by the Far Eastern Commission on 13 February 1947 and transmitted to the Supreme Commander on 19 February 1947 as Directive Serial No. 69) a claimant country will make a commitment to accept a specific facility at the time allocation is made. SCAP should likewise agree to reserve the accepted facility for the claimant country. At such time SCAP should make an initial charge to the country's reparations account of the value assigned to the facility. When title is taken by a country on delivery of the facility aboard the carrier, a final charge should be made against the country's reparations account, making allowance, if necessary, for any unforeseen loss of value. When, after allocation but prior to packing, an item of reparations is found on inspection not to conform substantially to the particulars given in the inventory the country may refuse to accept



FEC-RESTRICTED

such item and its reparations account should be credited with the charge previously made for the item. The provisions of the foregoing sentence should also apply where substantial damage or loss is sustained in transit to the port in Japan.

7. SCAP should allocate particular industrial facilities to each country on the basis of claims submitted by that country. When two or more countries file claim for the same facility, SCAP should work out what seems to him the most reasonable allocation, taking into primary consideration the proportion of each country's allocation still unfilled. After taking into account this primary consideration, SCAP should give consideration to the following criteria in stated order of priority:

a. claims for whole plants and related facilities as opposed to claims for portions thereof;

b. the extent to which the claimed item or items would replace property which was destroyed, damaged or looted by Japan, or which requires replacement because of excessive use incident to engaging in hostilities against Japan;

c. the extent to which the claimed item or items can be integrated into the general pattern of the claimant country's economic life, having regard to the former dependence of the claimant country on imports from Japan of the item or items (or products thereof) claimed, and the contribution of the claimed item or items to programs for the claimant country's economic adjustment, including the development of resources contributing to the welfare of the Far East.

In the application of all the above criteria due regard should be given to the special problems of countries receiving only small shares.

8. In making allocations as provided by paragraph 7, SCAP should, to the extent practicable and taking into due account the need for special items on the part of countries receiving only small shares, give consideration to striking a fair and equitable balance as between all claimant countries of items:

a. in integrated or consolidated units,

b. of modern and efficient design and manufacture,

c. in good working condition.

9. Each country represented on the FEC should be permitted to have a reparations technical mission in Japan. These missions should be afforded full opportunity for inspection of plants declared available, and should be kept fully informed by SCAP of all designations and allocations. They should be authorized by their Governments to receive inventories, valuations and other communications from SCAP relating to reparations, to lodge claims, to make commitments to accept title to plants selected, to accept title to industrial facilities on reparations account, and to make all necessary arrangements with SCAP including scheduling the required shipping for the actual removal of allocated facilities in accordance with the principles laid down in FEC-094/4 (DELIVERY OF REPARATIONS GOODS IN JAPAN, approved by the Far Eastern Commission on 13 February 1947 and transmitted to the Supreme Commander on 19 February 1947 as Directive Serial No. 69). The Reparations

*whose % share of repara. is small.*

*Direct to audit*



FEC-RESTRICTED

Technical Missions should also be authorized to provide such technical information and advice regarding industrial facilities suitable for use by the potentially recipient countries as may be considered of assistance to SCAP in selecting plants and equipment for reparations removal.

10. SCAP should organize a Reparations Technical Committee (RTC) composed of the heads of the above Reparations Technical Missions with a non-voting chairman representing SCAP. The functions of this Committee should be:

a. to assist SCAP, in an advisory capacity, in the development of technical and administrative procedures to assure an orderly removal of reparations goods from Japan;

b. in the event of dissatisfaction of one or more claimant countries with the allocation made by SCAP in accordance with the provisions of paragraph 7 of this policy, the dissatisfied country or countries may, within 30 days of notice of the allocation by SCAP, refer the case to the RTC for final settlement. Reference of the dispute to the RTC shall suspend the effect of the particular allocation by SCAP until the final settlement has been made. Upon such reference the RTC may, by a simple majority of those present, decide to hear the case or, if all the disputants concur, refer it to arbitrators. When arbitrators are chosen from among the members of the RTC, the duty of arbitration should be shared as equitably as possible. The countries concerned shall be responsible for collecting and presenting the information on which the arbitrators or the RTC, as the case may be, should base their decision. If the RTC decides to hear the case or to refer it to arbitration, a final decision shall be made as soon as practicable, but in no event later than 30 days after the decision that an appeal should be heard. If the RTC, within 30 days of the reference to it of the dispute, does not decide either to hear the case or to refer it to arbitration, the allocation made by SCAP will be final.

c. to provide for review of valuations in accordance with the following procedure:

Upon receipt by members of the RTC of the valuations provided for in paragraphs 3 and 5 but prior to final allocation of any facility, and on request of any member, the RTC may, by a simple majority vote of those members present, request SCAP to review any valuation or valuations, which it considers to be inconsistent with valuations of other industrial facilities.

11. A country taking title to industrial facilities from Japan as reparations shall undertake not to dispose of such facilities in whole or in part within sixteen months from the date of delivery aboard the carrier otherwise than as follows:

a. for use in its own territories or in territories for which it has international or established responsibility, but not in Japan or Germany;

b. for use by its own nationals anywhere except in Japan;

c. to satisfy claims of foreign nationals against the recipient country arising out of war damage.

The foregoing provisions shall not, however, preclude barter of such facilities among recipient countries in exchange for other assets allocated as reparations from Japan.



FEC-RESTRICTED

12. Claims for individual facilities should be filed with SCAP by a claimant country within six months after the fixing of a claimant country's final reparations percentage share, or receipt from SCAP of a final inventory and valuation of the facility, whichever is the later date. However, if the wishes of all countries with respect to an individual facility have been expressed in less than 6 months, immediate allocation should be made.

13. SCAP should arrange for the delivery at ports in Japan of reparations goods allocated to claimant countries after consultation with those countries to arrange suitable schedules for delivery. In arranging those schedules for delivery, SCAP should give consideration to the following:

a. the order in which each claimant country desires that the different items comprising its share should be made available for shipment;

b. the preservation, as far as possible, of a reasonable balance among the rates at which the total shares of the several claimant countries are progressively satisfied by allocation and delivery, except in so far as this principle would operate against the interests of countries entitled to only a small share of total reparations.

In arranging with SCAP for the delivery of reparations goods, each claimant country may specify items totalling not more than 40 percent of its total share which should be delivered at the port within one year after allocation has been made. Claimant countries will agree to accept delivery of goods no later than two years after their allocation, providing that such goods have been delivered to the loading point at the port within a reasonable time before the end of that period.

14. Industrial facilities, machinery or equipment (other than specialized war-making equipment) declared available for reparations, but either

a. unclaimed for application against recognized reparations claims on Japanese assets from within Japan, or

b. unaccepted as prescribed by paragraph 13 above.

should not be destroyed or otherwise disposed of by SCAP pending receipt of directives issued in accordance with the procedure in paragraph 6 of FEC 084/21 (REDUCTION OF JAPANESE INDUSTRIAL WAR POTENTIAL approved by the Far Eastern Commission on 14 August 1947 and forwarded to the Supreme Commander on 23 August 1947 as Directive Serial Number 87.)



211/23 to Sec.

DATE 5 May

MOTION:

VOTE

CANVASS	PRO	CON	ABSTAIN	REMARKS
Australia	✓			
Canada	✓			
China	✓			
France			✓	
India	✓			
Netherlands				
New Zealand	✓			
Philippines	✓			
USSR		✓		
United Kingdom		✓		Hold for 1 wk
United States				
TALLY:				

RESULT: CARRIED

LOST  VETO

NO MAJ



C1-211/24

(Ref: C1-211/23)

note by —

The enclosure, amendment  
to C1-211/23, Repts. All. Pictos.  
In Ind'l Fac's. in Japan,  
submitted by the United  
Kingdom delegate,  
are circ. herewith  
for the Council of Control.  
Reps



SC-211/19FEC-RESTRICTEDSC-211/1916 March 1948FAR EASTERN COMMISSIONREPARATIONS ALLOCATIONS PROCEDURES FOR INDUSTRIAL FACILITIES IN JAPAN

(References: C1-211 Series; C1-234/1, /2; MI-125/1, SC-211/18)

Note by the Secretary General

1. At the ninety-sixth meeting of the Steering Committee on 16 March, the Chinese Member submitted the following amendment to paragraph 2 of SC-211/18:

Add to the paragraph the following sentence:  
 "Industrial facilities <sup>known to have been</sup> looted ~~or suspected~~ <sup>or probably looted</sup>  
~~to have been looted~~ from Allied countries  
 should not be ~~selected for reparations removals.~~  
<sup>allocated as reparations</sup>  
<sup>claim for restitution, has been acted upon.</sup>

2. The Chinese Member also requested information as to the meaning of the phrase "small shares" in paragraphs 7 and 8 of SC-211/18.

<sup>if any (and)</sup>  
<sup>until their eligibility for restitution has</sup>  
<sup>been determined (com)</sup> <sup>to a particular country</sup>

NELSON T. JOHNSON  
 Secretary General

SC-211/19



C1-211/20FEC-RESTRICTEDC1-211/2023 March 1948FAR EASTERN COMMISSIONCOMMITTEE NO. 1: REPARATIONSREPARATIONS ALLOCATIONS PROCEDURES FOR INDUSTRIAL  
FACILITIES IN JAPAN: EXPLANATORY MEMORANDUM  
(References: C1-211/15, SC-211/18)Note by the Secretary General

1. The enclosure, an explanatory memorandum regarding the proposed policy on reparations allocations procedures for industrial facilities in Japan, a redraft by the ad hoc Subcommittee appointed at the one hundred fifty-second meeting of Committee No. 1 on 17 March 1948, is circulated herewith for the consideration of COMMITTEE NO. 1: REPARATIONS.

2. At the one hundred fifty-second meeting of Committee No. 1 the Australian Member, Chairman of the RTAC Subcommittee which drafted the revised version of the reparations allocations procedures paper (now before the Steering Committee as SC-211/18), pointed out that the Committee had failed to forward the explanatory memorandum contained in C1-211/15 to the Steering Committee at the time it forwarded SC-211/18. He suggested that a Subcommittee be appointed to make any necessary drafting changes in the memorandum for Committee consideration prior to forwarding it to the Steering Committee.

3. The Subcommittee comprised the Australian, Canadian, Chinese, French, Indian, Netherlands, U. K. and U. S. Members. The Canadian, Indian, U. K. and U. S. Members were not represented at the meeting of the Subcommittee at which the enclosed draft was prepared.

NELSON T. JOHNSON  
Secretary General

C1-211/20



FEC-RESTRICTEDE N C L O S U R E "A"EXPLANATORY MEMORANDUM REGARDING THE PAPER ON  
REPARATIONS ALLOCATIONS PROCEDURES (SC-211/18)Para 1 (Note: *Can for memo*)

It is the understanding of the ~~Far Eastern Commission~~ that the decisions of the Commission referred to in this paragraph regarding availability for reparations transfer of categories of Japanese industry were to be made in conformity with Commission decisions on the level of the Japanese peacetime economy.

Para 3 *Can No. 1*

The ~~Far Eastern Commission~~ feels that it would be premature to consider either the valuation of industrial assets as compared to other classes of assets which might be declared available for reparations or to attempt to develop at this time a basis of valuation which could apply to such other classes of assets. The ~~Far Eastern Commission~~ feels that not until the final settlement for Japan, when the over-all picture would be known, could such matters be accurately determined. The ~~Far Eastern Commission~~ does not consider that the valuations provided for in Paragraph 3 for the purpose of comparison between industrial facilities should prejudice any final accounting for Japanese reparations which may at a later date be deemed proper and advisable. *C-1*

Para 7 *C-1*

In adding the last sentence of paragraph 7 to this policy proposal ("In the application of all the above criteria due regard should be given to the special problems of countries receiving only small shares"). The ~~Far Eastern Commission~~ feels that among the "special problems" referred to should be included the need of countries with only small shares to obtain individual industrial facilities of special value to them rather than whole plants. It is the view of the French Government that fractions of important lots should, when technically feasible, be made available to claimants whose share is low, so that the said share be not covered in its entirety by one lot only.

Para 8 *C-1*

It is the understanding of the ~~Far Eastern Commission~~ that the terms of paragraph 8 apply both within and between the categories listed in this paragraph.

Para 10 b *C-1*

It is the understanding of the ~~Far Eastern Commission~~ that the system of arbitration referred to in this sub-paragraph could include any arbitration machinery composed of any number of persons deemed advisable by the RTC.

The Canadian Government is of the opinion that this paragraph should have contained some form of specific provision for the rotation of arbitral duties to ensure that individual members of the RTC are not asked to perform these duties with disproportionate frequency. The Canadian member of the RTC will feel free to decline to arbitrate in any particular dispute or disputes if the duties of arbitration become too onerous or are not shared fairly among all the members.



Enclosure  
(A)

FEC-RESTRICTED

Para 10 c

It is the understanding of the Far Eastern Commission that the review of valuations provided for in this sub-paragraph applies to valuations of individual facilities as well as to valuations of classes of facilities.

~~The Far Eastern Commission <sup>Chinese & Jpn. Members</sup> ~~made~~ provision in this sub-paragraph for changes in valuations resulting from losses or damage to facilities after allocation but prior to packing since it was felt that this was adequately provided for in paragraph 6.~~

Para 12

The Far Eastern Commission agreed to the retention of the six months period in paragraph 12 out of deference to those countries with special problems, but recommends that all countries expedite the filing of their claims for individual facilities.

Para o of C1-211/10

The Far Eastern Commission agreed to exclude from this policy decision any reference to countries not members of the Far Eastern Commission on the understanding that this matter would be considered at such time as countries not members of the FEC may be authorized to receive reparations from Japan.

*point out that no provision was made*



SC-211/21FEC-RESTRICTEDSC-211/2129 March 1948FAR EASTERN COMMISSIONMEMORANDA FROM COMMITTEE NO. 1 REGARDING SC-211/18,  
REPARATIONS ALLOCATIONS PROCEDURES FOR INDUSTRIAL  
FACILITIES IN JAPAN  
(Reference: SC-211/18)Note by the Secretary General

1. At its 150th meeting on 3 March 1948 Committee No. 1: Reparations forwarded SC-211/18 to the Steering Committee. At its 153rd meeting on 24 March 1948, Committee No. 1 decided that it would be useful to inform the Steering Committee of certain views of the Committee, or, in some cases, of views of particular members, regarding SC-211/18 which had grown out of the lengthy discussions of this paper in Subcommittee and Committee and which might be useful to the Steering Committee in its own consideration of the paper.

2. Enclosure "A" contains certain "understandings" of Committee No. 1, and in some cases of particular members, which it is suggested the Steering Committee might wish to consider incorporating in SC-211/18. The Steering Committee is advised that some members may wish to read into the minutes of the FEC meeting at which the policy on reparations allocations procedures is finally approved those "understandings" in Enclosure "A" which are not ultimately incorporated in SC-211/18, with a view to having them forwarded to SCAP along with the policy decision in accordance with established Commission procedure.

3. Enclosure "B" contains certain items of information regarding the drafting of portions of SC-211/18 which Committee No. 1 felt might be useful to the Steering Committee in its discussions of that paper.

4. The Soviet Member, in the absence of instructions, refrained from voting and reserved his position on the various paragraphs of Enclosures "A" and "B". The Chinese Member reserved his position in regard to the Committee understandings on paragraphs 7 and 8 contained in Enclosure "A".

NELSON T. JOHNSON  
Secretary General

SC-211/21



FEC-RESTRICTED

ENCLOSURE "A"

MEMORANDUM OF UNDERSTANDING REGARDING THE PAPER ON REPARATIONS ALLOCATIONS PROCEDURES (SC-211/18)

(Note: All para references below are to the relevant paragraphs of SC-211/18)

Para 7

In adding the last sentence of paragraph 7 to this policy proposal ("In the application of all the above criteria due regard should be given to the special problems of countries receiving only small shares") Committee No. 1 feels that among the "special problems" referred to should be included the need of countries with only small shares to obtain individual industrial facilities of special value to them rather than whole plants. It is the view of the French Government that fractions of important lots should, when technically feasible, be made available to claimants whose share is small, so that the said share be not covered in its entirety by one lot only.

*units*

*integrated facilities*

*OK in draft*

*Cover page*

Para 8

It is the understanding of Committee No. 1 that the terms of paragraph 8 apply both within and between the categories listed in this paragraph.

*integrated facility*

Para 10 b

It is the understanding of Committee No. 1 that the system of arbitration referred to in this sub-paragraph could include any arbitration machinery composed of any number of persons deemed advisable by the RTC.

The Canadian <sup>*member*</sup> ~~Government~~ <sup>*is*</sup> of the opinion that this paragraph should have contained some form of specific provision for the rotation of arbitral duties to ensure that individual members of the RTC are not asked to perform these duties with disproportionate frequency. The Canadian member of the RTC will feel free to decline to arbitrate in any particular dispute or disputes if the duties of arbitration become too onerous or are not shared fairly among all the members.

Para 10 c

It is the understanding of Committee No. 1 that the review of valuations provided for in this sub-paragraph applies to valuations of individual facilities as well as to valuations of classes of facilities.



FEC-RESTRICTED

ENCLOSURE "B"

MEMORANDUM OF INFORMATION TO THE STEERING COMMITTEE  
REGARDING THE PAPER ON REPARATIONS ALLOCATIONS PROCEDURES  
(SC-211/18)

(Note: All para references below are to the relevant paragraphs of SC-211/18)

Para 1

It is the understanding of the ~~Australian~~, Chinese and French Members that the decisions of the Commission referred to in ~~the~~ paragraph regarding availability for reparations transfer of categories of Japanese industry were to be made in conformity with Commission decisions on the level of the Japanese peacetime economy.

1 of the enclosure

3

Para 3

Committee No. 1 feels that it would be premature to consider either the valuation of industrial assets as compared to other classes of assets which might be declared available for reparations or to attempt to develop at this time a basis of valuation which could apply to such other classes of assets. Committee No. 1 feels that not until the final settlement for Japan, when the over all picture would be known, could such matters be accurately determined. ~~Committee No. 1 does not consider that the valuations provided for in Paragraph 3 for the purpose of comparison between industrial facilities - and prejudice any final accounting for Japanese reparations which may at a later date be deemed proper and advisable.~~

Cover of (Zu yeglan) Page

to their views on

Para 10 c

The Chinese and French Members point out that no provision was made in this sub-paragraph for changes in valuations resulting from losses or damage to facilities after allocation but prior to packing since it was felt that this was adequately provided for in paragraph 6.

Cover of

~~which is~~  
The Am. China War Phil Com members

not prejudice  
are without



*Chinese Statement*17 May

The first U.K. Amendment as embodied in Cl-211/25 is a new one. But its substance has been discussed in the Committee for sometime. Our position with regard to this question has been made clear, and I do not wish to elaborate it again at this stage. We have supported the 16 months period, because it is a compromise which we finally arrived at although it is never to our liking. If the question of period is reopened, I am afraid that ~~the question~~<sup>it</sup> would again be put through a prolonged debate, such as we ~~already~~ had, particularly in this Committee. We think too much time has already been lost with very little fruitful result.

May I, therefore, suggest that we should continue ~~the~~<sup>to</sup> support the compromise already arrived at, in order to expedite the approval of the paper. Only in this way, a quick decision could be reached on this subject. It is our view that the quicker such a decision is made the better it would be for all concerned.



C1-211/22FEC-RESTRICTEDC1-211/2231 March 1948FAR EASTERN COMMISSIONCOMMITTEE NO. 1: REPARATIONSREPARATIONS ALLOCATIONS PROCEDURES FOR INDUSTRIAL  
FACILITIES IN JAPAN  
(Reference: SC-211/18)Note by the Secretary General

1. The enclosure, an amendment to SC-211/18, Reparations Allocations Procedures for Industrial Facilities in Japan, was submitted by the Netherlands Member at the ninety-eighth meeting of the Steering Committee on 30 March.

2. The Steering Committee agreed to refer SC-211/18, together with the enclosure; SC-211/19, a Chinese amendment; and SC-211/21, the explanatory memoranda, back to Committee No. 1: Reparations for further consideration.

NELSON T. JOHNSON  
Secretary General

C1-211/22



FEC-RESTRICTEDE N C L O S U R EREPARATIONS ALLOCATIONS PROCEDURES FOR INDUSTRIAL FACILITIES IN JAPANNetherlands amendment to SC-211/18:

Alter Par. 2 as follows:

"SCAP should prepare an inventory of the individual Japanese industrial facilities selected in accordance with Par. 1 above. This inventory should include ~~the necessary~~ information which would aid a prospective claimant in determining the utility of the individual facility such as technical specifications, make, age and condition.

*separate para*  
All technical and operational information, records and data for plants, establishments, <sup>buildings</sup> or equipment declared available for removal as reparations, together with such constructional plans and drawings as may be necessary for the purpose of re-erection should also be made available to <sup>the recipients</sup> ~~claimants~~.

C1-211/22



CI-211/23FEC-RESTRICTEDCI-211/2321 April 1948FAR EASTERN COMMISSIONCOMMITTEE NO. 1: REPARATIONSREPARATIONS ALLOCATIONS PROCEDURES FOR INDUSTRIAL FACILITIES IN JAPAN

(References: SC-211/18, /21)

Note by the Secretary General

1. The enclosure, a revision of SC-211/18, a proposed policy on reparations allocations procedures for industrial facilities in Japan, drafted by the Subcommittee on Reparations Allocations Procedures, is circulated herewith for the consideration of COMMITTEE NO. 1: REPARATIONS.

2. At its 154th meeting on 31 March 1948, Committee No. 1 referred SC-211/18 together with all outstanding relevant papers, to the Subcommittee. Members of the Subcommittee comprised the Australian (Chairman), Canadian, Chinese, French, Indian, Netherlands, Philippine, U. K. and U. S. Members.

3. It is the understanding of the Chinese and French Members that the decisions of the Commission referred to in paragraph one of the enclosure regarding availability for reparations transfer of categories of Japanese industry are to be made in conformity with Commission decisions on the level of the Japanese peacetime economy.

4. The Australian, Canadian, Chinese, French, Netherlands, Philippine and U. K. Members of the Subcommittee agreed to the provisions for valuation in paragraph 3 of the enclosure on the understanding that their acceptance was without prejudice to their views on any final accounting for Japanese reparations which may at a later date be deemed proper and advisable.

5. The French and Netherlands Members of the Subcommittee are of the opinion that among the problems of countries with small shares, referred to in paragraph 7 of the enclosure, should be included the desire of such countries to receive individual industrial units rather than fully integrated facilities, so that such countries may obtain items of special value to them and so that a given country's share need not be covered in its entirety by a single integrated facility or by merely a few integrated facilities.

6. The Chinese Member reserved his position on the definition of "small shares" in the paper. He preferred either a precise percentage definition of "small shares" or a restriction of the application of the principle contained in ~~this~~ sentence to sub-paragraphs a, b and c of that paragraph.

7. The Canadian Member said his Government was of the opinion that paragraph 10 b should have contained some specific provision for the rotation of arbitral duties to ensure that individual members of the RTC are not asked to perform these duties with disproportionate frequency. The Canadian Member of the RTC will feel free to decline to arbitrate in any particular dispute or disputes if the duties of arbitration become too onerous or are not shared fairly among all members.

8. The French Member calls to the attention of the Committee the fact that no provision was made in sub-paragraph 10, c for changes in valuations resulting from losses or damage to facilities after allocation but prior to packing, since it was felt that this was adequately provided for in paragraph 6.

NELSON T. JOHNSON  
Secretary General

CI-211/23



FEC-RESTRICTEDENCLOSUREREPARATIONS ALLOCATIONS PROCEDURES FOR INDUSTRIAL FACILITIES IN JAPAN

1. SCAP should be responsible for selection of the particular industrial facilities to be made available for removal from Japan as reparations in accordance with relevant policy decisions under the Terms of Reference of the Far Eastern Commission.

2. SCAP should prepare an inventory of the individual Japanese industrial facilities selected in accordance with paragraph 1 above. This inventory should include sufficient technical and operational information to aid a prospective claimant in determining the utility of the individual facility.

3. SCAP should determine the procedure for uniform monetary valuations and should assign such valuations to industrial facilities selected and listed under paragraphs 1 and 2 above. The purpose of such valuations is solely to provide a uniform basis of comparison among industrial facilities for the purpose of allocation. Such valuations, therefore, need have no direct relation to any other values so long as they are consistent among the reparations assets comprised of industrial facilities. Valuations should be in sufficient detail to permit charges to be made for parts of plants which may be allocated separately.

4. SCAP should submit to representatives of countries, members of the FEC, the inventory provided for in paragraph 2 and the valuations provided for in paragraph 3.

5. Upon receipt of the inventory and the valuations mentioned above, a country, member of the FEC, may lodge with SCAP claims for the allocation to it of particular industrial facilities.

6. SCAP should set up reparations accounts for recipient countries. The value of the facilities received by any one country should not exceed its percentage share of the total value of the industrial facilities selected by SCAP for removal as reparations. In accordance with FEC-094/2 (DELIVERY OF REPARATIONS GOODS IN JAPAN, approved by the Far Eastern Commission on 13 February 1947 and transmitted to the Supreme Commander on 19 February 1947 as Directive Serial No.69) a claimant country will make a commitment to accept a specific facility at the time allocation is made. SCAP should likewise agree to reserve the accepted facility for the claimant country. At such time SCAP should make an initial charge to the country's reparations account of the value assigned to the facility. When title is taken by a country on delivery of the facility aboard the carrier, a final charge should be made against the country's reparations account, making allowance, if necessary, for any unforeseen loss of value. When, after allocation but prior to packing, an item of reparations is found on inspection not to conform substantially to the particulars given in the inventory the country may refuse to accept such item and its reparations account should be credited with the charge previously made for the item. The provisions of the foregoing sentence should also apply where substantial damage or loss is sustained in transit to the port in Japan.



FEC-RESTRICTED

7. SCAP should allocate particular industrial facilities to each country on the basis of claims submitted by that country. When two or more countries file claim for the same facility, SCAP should work out what seems to him the most reasonable allocation, taking into primary consideration the proportion of each country's share still unfilled. After taking into account this primary consideration, SCAP should give consideration to the following criteria in stated order of priority:

a. claims for whole plants and related facilities as opposed to claims for portions thereof;

b. the extent to which the claimed item or items would replace property which was destroyed, damaged or looted by Japan, or which requires replacement because of excessive use incident to engaging in hostilities against Japan;

c. the extent to which the claimed item or items can be integrated into the general pattern of the claimant country's economic life, having regard to the former dependence of the claimant country on imports from Japan of the item or items (or products thereof) claimed, and the contribution of the claimed item or items to programs for the claimant country's economic adjustment, including the development of resources contributing to the welfare of the Far East.

In applying the provisions of this paragraph, due regard should be given to the special problems of countries whose shares, in the opinion of SCAP, are small.

8. In making allocations as provided by paragraph 7, SCAP should, to the extent practicable and taking into due account the need for special items on the part of countries receiving only small shares, give consideration to striking a fair and equitable balance as between all claimant countries of industrial facilities:

a. in integrated or consolidated units,

b. of modern and efficient design and manufacture,

c. in good working condition.

9. Industrial facilities known to have been looted or probably looted from Allied countries should not be allocated as reparations until their eligibility for restitution has been determined.

10. Each country represented on the FEC should be permitted to have a reparations technical mission in Japan. These missions should be afforded full opportunity for inspection of plants declared available, and should be kept fully informed by SCAP of all designations and allocations. They should be authorized by their Governments:

a. to receive inventories, valuations and other communications from SCAP relating to reparations;

b. to lodge claims;

c. to make commitments to accept title to plants selected;

d. to accept title to industrial facilities on reparations account;



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e. to make all necessary arrangements with SCAP including scheduling the required shipping for the actual removal of allocated facilities in accordance with the principles laid down in FEC-094/2 (DELIVERY OF REPARATIONS GOODS IN JAPAN, approved by the Far Eastern Commission on 13 February 1947 and transmitted to the Supreme Commander on 19 February 1947 as Directive Serial No. 69);

f. to provide such technical information and advice regarding industrial facilities suitable for use by the potentially recipient countries as may be considered of assistance to SCAP in selecting plants and equipment for reparations removal.

11. SCAP should organize a Reparations Technical Committee (RTC) composed of the heads of the above Reparations Technical Missions with a non-voting chairman representing SCAP. The functions of this Committee should be:

a. to assist SCAP in an advisory capacity, in the development of technical and administrative procedures to assure an orderly removal of reparations goods from Japan;

b. to assist SCAP in the settlement of disputes regarding allocation in accordance with the following procedure:

(1) In the event of dissatisfaction of one or more claimant countries with the allocation made by SCAP in accordance with the provisions of paragraphs 7 and 8 of this policy, the dissatisfied country or countries may, within 30 days of notice of the allocation by SCAP, refer the case to the RTC for final settlement. Reference of the dispute to the RTC shall suspend the effect of the particular allocation by SCAP until the final settlement has been made. Upon such reference the RTC may itself decide to hear the case or, if all the disputants concur, refer it to arbitrators.

(2) When arbitrators are chosen from among the members of the RTC, the duty of arbitration should be shared as equitably as possible. The countries concerned in the dispute shall be responsible for collecting and presenting the information on which the arbitrators or the RTC, as the case may be, should base their decision.

(3) If the RTC decides to hear the case or to refer it to arbitration, a final decision shall be made as soon as practicable, but in no event later than 30 days after the decision that the case should be heard.

(4) If the RTC, within 30 days of the reference to it of the dispute, does not decide either to hear the case or to refer it to arbitration, the allocation made by SCAP will be final.

(5) All decisions of the RTC in connection with the settlement of disputes should be made by a simple majority vote of the members present. ✓



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c. to provide for review of valuations in accordance with the following procedure:

Upon receipt by members of the RTC of the valuations provided for in paragraphs 3 and 5 but prior to final allocation of any facility, and on request of any member, the RTC may, by a simple majority vote of those members present, request SCAP to review any valuation whether of an individual facility or a category of facilities, which it considers to be inconsistent with valuations of other industrial facilities or categories of facilities.

12. A country taking title to industrial facilities from Japan as reparations shall undertake not to dispose of such facilities in whole or in part within sixteen months from the date of delivery aboard the carrier otherwise than as follows:

a. for use in its own territories or in territories for which it has international or established responsibility, but not in Japan or Germany;

b. for use by its own nationals anywhere except in Japan;

c. to satisfy claims of foreign nationals against the recipient country arising out of war damage.

The foregoing provisions shall not, however, preclude barter of such facilities among recipient countries in exchange for other assets allocated as reparations from Japan.

13. Claims for individual facilities should be filed with SCAP by a claimant country within six months after the fixing of a claimant country's final reparations percentage share, or receipt from SCAP of a final inventory and valuation of the facility, whichever is the later date. However, if the wishes of all countries with respect to an individual facility have been expressed in less than 6 months, immediate allocation should be made.

14. SCAP should arrange for the delivery at ports in Japan of reparations goods allocated to claimant countries after consultation with those countries to arrange suitable schedules for delivery. In arranging those schedules for delivery, SCAP should give consideration to the following:

a. the order in which each claimant country desires that the different items comprising its share should be made available for shipment;

b. the preservation, as far as possible, of a reasonable balance among the rates at which the shares of the several claimant countries are progressively satisfied by allocation and delivery, except in so far as this principle would operate against the interest of countries entitled to only a small share of reparations from industrial facilities.

In arranging with SCAP for the delivery of reparations goods, each claimant country may specify items totalling not more than 40 per cent of its share of industrial facilities which should be delivered at the port within one year after allocation has been made. Claimant countries will agree to accept delivery of



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goods no later than two years after their allocation, providing that such goods have been delivered to the loading point at the port within a reasonable time before the end of that period.

15. Industrial facilities, machinery or equipment (other than specialized war-making equipment) declared available for reparations, but either not claimed or not accepted as prescribed in the provisions of this paper, should not be destroyed or otherwise disposed of by SCAP pending receipt of directives issued in accordance with the procedure in paragraph 6 of FEC-084/21 (REDUCTION OF JAPANESE INDUSTRIAL WAR POTENTIAL approved by the Far Eastern Commission on 14 August 1947 and forwarded to the Supreme Commander on 23 August 1947 as Directive Serial Number 87).



C1-211/24FEC-RESTRICTEDC1-211/2422 April 1948FAR EASTERN COMMISSIONCOMMITTEE NO. 1: REPARATIONSREPARATIONS ALLOCATIONS PROCEDURES FOR INDUSTRIAL  
FACILITIES IN JAPAN  
(Reference: SC-211/23)Note by the Secretary General

Attention of the members is called to an error in paragraph 6 of the cover page of C1-211/23. Paragraph 6 of that cover page should read as follows:

"The Chinese Member reserved his position on the definition of 'small shares' in the paper. He preferred either a precise percentage definition of 'small shares' or a restriction of the application of the principle contained in the last sentence of paragraph 7 to subparagraphs a, b and c of that paragraph."

NELSON T. JOHNSON  
Secretary General

C1-211/24







# 2

MOTION: W/K, must be C1-211/25 DATE 12 May

VOTE

CANVASS

	PRO	CON	ABSTAIN	REMARKS
Australia	✓			
Canada	✓			
China			✓	Reserve points
France	✓			
India	✓			
Netherlands	✓			
New Zealand				
Philippines	✓			
USSR			✓	
United Kingdom	✓			
United States	✓			

TALLY: 8 0 2/1 *absences*

RESULT: CARRIED   
 LOST  VETO   
                    NO MAJ



# 1

MOTION: HK amends to CI-211/25 DATE 12 May 48

VOTE

CANVASS

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

RESULT: CARRIED   
 LOST  VETO   
                    NO MAJ



C1-211/25FEC-RESTRICTEDC1-211/257 May 1948FAR EASTERN COMMISSIONCOMMITTEE NO. 1: REPARATIONS

REPARATIONS ALLOCATIONS PROCEDURES  
FOR INDUSTRIAL FACILITIES IN JAPAN  
U.K. Amendments to paragraph 12 of C1-211/23  
(Reference: C1-211/23)

Note by the Secretary General

The enclosure, amendments to C1-211/23, Reparations Allocations Procedures for Industrial Facilities in Japan, submitted by the United Kingdom delegation, is circulated herewith for the consideration of COMMITTEE NO. 1: REPARATIONS.

NELSON T. JOHNSON  
Secretary General

C1-211/25



FEC-RESTRICTEDE N C L O S U R EREPARATIONS ALLOCATIONS PROCEDURES  
FOR INDUSTRIAL FACILITIES IN JAPAN  
U.K. Amendments to paragraph 12 of C1-211/23

1. In line 3 delete "16 months" and substitute "3 years".

2. (a) After sub-paragraph (a) insert new sub-paragraph  
(b) as follows:

"For use in territories which have  
been separated from the territory of  
the recipient country since the date  
of the surrender of the Japanese forces."

(b) Renumber sub-paragraphs (b) and (c) as (c) and  
(d) respectively.



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Com. No. 1 - 160th Mtg.

19 May 1948

FAR EASTERN COMMISSION

COMMITTEE NO. 1: REPARATIONS

SUMMARY OF REVISED MINUTES

ITEM 1 - APPROVAL OF THE MINUTES OF THE 159TH MEETING

Minutes amended and approved. Reissued in revised form.

ITEM 2 - REPLACEMENT OF LOST CULTURAL OBJECTS, C1-272 Series

No discussion. Item retained on agenda.

ITEM 3 - REPARATIONS ALLOCATIONS PROCEDURES, C1-211/26; SC-211/18  
/21

Chinese Member withdrew intention to submit amendment on "small shares". Soviet Member submitted amendments, subsequently circulated as C1-211/28. Item retained on agenda.

ITEM 4 - RESTITUTION OF LOOTED PROPERTY, FEC-011/44

Item retained on agenda with understanding that discussion would proceed only if some new proposal for resolving present differences were submitted.

ITEM 5 - POLICY TOWARDS PATENTS AND UTILITY MODELS IN JAPAN,  
C1-284/3, /4; FEC-284

No discussion. Item retained on agenda.

ITEM 6 - REPARATIONS CLAIMS AGAINST JAPAN, C1-283/1

U. S. Member made slight change in amendment proposed at previous meeting. French Member stated understanding that paragraph 3 means that problem of payment of post-surrender occupation costs will be treated separately. Item retained on agenda.

ITEM 7 - PROPOSED PUBLIC ANNOUNCEMENT REGARDING REPARATIONS CLAIMS OF NON-FEC COUNTRIES, C1-307

Soviet Member stated delegation's view that discussion of C1-307 was premature. Item retained on agenda.

ITEM 8 - SETTLEMENT OF AMOUNTS DUE REPATRIATED JAPANESE, FEC-294,  
C1-294/1, FEC-090

No discussion. Item retained on agenda.

ITEM 9 - OTHER BUSINESS

There was no other business.

Time of next meeting: 26 May 1948 at 3:00 p.m.

Summary Of Revised Minutes  
Com. No. 1 - 160th Mtg.  
19 May 1948



FEC-RESTRICTEDCom. No. 1 - 160th Mtg.19 May 1948FAR EASTERN COMMISSIONCOMMITTEE NO. 1: REPARATIONSREVISED MINUTESATTENDANCE:

Netherlands	Dr. R. H. van Gulik (Chairman)
	Mr. M. de Blank
Australia	Mr. H. W. Bullock
Canada	Mr. R. E. Collins
China	Mr. Y. C. Yang, Dr. A. Koo, Mr. S.Y. Huang
France	Mr. R. Douteau
India	Mr. S. N. Banerji
New Zealand	Mr. R. B. Taylor
Philippines	Mr. J. U. Jovellanos
U. S. S. R.	Mr. A. P. Korobochkin, Mr. B. Sokolov
United Kingdom	Mr. M. B. Thresher, Mrs. J. Locke
United States	Mr. R. W. Barnett
Secretariat	Mr. D. K. Eichler, Secretary
	Miss Miriam Nieland, Assistant Secretary

ITEM 1 - APPROVAL OF THE MINUTES OF THE 159TH MEETING

The minutes of the 159th meeting were amended and approved and will be reissued in revised form incorporating the amendments.

ITEM 2 - REPLACEMENT OF LOST CULTURAL OBJECTS, C1-272/2, /1, C1-272

The Chinese Member said there was nothing further to report on the U. S.- Chinese discussions at this stage. The item was retained on the agenda.

ITEM 3 - REPARATIONS ALLOCATIONS PROCEDURES, C1-211/26; SC-211/18, /21

The Chinese Member recalled that he had told the Committee some weeks ago that his delegation might wish to submit an amendment to C1-211/26 on the subject of "small shares". However, with a view to facilitating allocation by SCAP and to avoiding any further delay in approving the paper, he announced that his delegation would withdraw its intention to submit such a proposal, but would reserve the right to raise the matter at a later date if his Government deemed it advisable.

The Soviet Member said that he had instructions from his Government to submit a number of amendments to C1-211/26. He then read his amendments to the Committee and circulated copies for the convenience of Members at the table. (These will be subsequently circulated as C1-211/28). The Soviet Member also said his delegation could approve the U. K. amendment to paragraph 12 (the new sub-paragraph b) of C1-211/26. The Chairman suggested that Members would want some time to study the Soviet amendments and it was agreed to retain the item on the agenda.



FEC-RESTRICTEDITEM 4 - RESTITUTION OF LOOTED PROPERTY, FEC-011/44

At the suggestion of the Chairman, the Secretary read aloud for purposes of reviewing the problem before the Committee the report which the U. K. Member as Chairman of the Restitution Subcommittee had made at the last meeting. (See revised minutes 159th meeting, page 6).

The Chairman recalled that the Chinese Member had suggested this matter might be handled through the insertion of statements in the minutes by certain countries as to their understanding of the amendment to paragraph 3 of FEC-011/44. Dr. Koo of the Chinese delegation said that his idea was to provide some means of getting action on a matter which already was generally agreed upon in principle. There was apparently no difference of opinion regarding Japanese responsibility for paying the costs of looted ships damaged during the war. There was, however, a difference regarding the factual question of when the Japanese would be able to pay such costs. He then asked the U. S. Member whether he would clarify once more the U. S. position on this point. The U. S. Member said that it had been the position of his delegation from the beginning that the salvaging, repairing and refitting of looted ships found outside Japanese waters had no place in a restitution policy. However, his Government would not oppose any solution to this aspect of the restitution problem which would ultimately permit adoption of the paper, provided the costs involved would not be imposed upon the chief occupying power. Unfortunately no proposal had thus far been submitted which would not result in the shouldering of those costs by the chief occupying power in the long run. For this reason the U. S. delegation was unable to accept any of the proposals thus far suggested. At the same time the U. S. delegation did not deny that looted ships damaged or sunk by the Japanese represented a loss for which the Allied countries concerned would naturally wish to receive indemnities. If the Japanese are unable to pay for the costs of salvaging, repairing and refitting all looted ships wherever found, the claim for the costs of such operations would become a logical part of the reparations claims of those countries. Seizure and deterioration of ships was a loss which had a proper place in a reparations claim. The U. S. delegation would be quite willing to agree to any proposal for holding the Japanese responsible for paying such costs -- even in the form of an amendment to the restitution paper -- if any evidence could be placed before them for supposing that the costs would be clearly placed upon the Japanese and not on the chief occupying power. This had been the U. S. position from the beginning and was still the U. S. position. The difficulty in finding an adequate solution to this problem, as the U. S. delegation had said many times before, was that the present condition of the Japanese economy was not such as would permit the assignment of any foreign exchange to such an operation.

The Soviet Member pointed out that it was difficult to see how the U. S. Member could claim that this subject had no place in a restitution policy, since the original restitution policy, FEC-011/12, approved by all Members of the Commission in 1946, itself contained a reference to the restitution of ships found in waters of third countries (see paragraph 10 of FEC-011/12). The present Soviet amendment on the subject of ships had been proposed to the Commission when it was discovered that the U. S. Government interpreted this paragraph in the original restitution paper differently from other countries. The Soviet amendment was intended to clarify what it believed to be the original intent of this paragraph. The Soviet Member said that the real difficulty facing the Committee in attempting to solve this problem was that the U. S. delegation, while agreeing to



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the principle involved, did not agree that Japan was in fact able to pay the costs at the present time. However, the U. S. Member of the Subcommittee never gave any answer as to when he thought Japan would be able to pay the costs. It seemed logical to await such an answer from the U. S. since that Government had the major responsibility for the occupation of Japan in general and supervision of the Japanese economy in particular. Without such an answer from the U. S. delegation it was difficult to continue discussions of this subject. The Soviet Member further stated that, although the U. S. Member had originally expressed his delegation's agreement to the principle involved, he now appeared to favor the view that this was strictly a reparations matter. He doubted the consistency of this approach. Furthermore, everyone knew that the Japanese would not be able to pay for all claims for damage which the Allied nations would lodge against it. If the claim under discussion were submitted as a reparations claim, therefore, the Japanese would ultimately compensate the Allied nations for only a relatively small portion of the total damage including looted ships sunk or damaged by them during the war. The U. S. Member's statement in this respect would seem to take the Committee backward rather than forward in its task of finding a solution to the problem.

The Indian Member said that there appeared to be no real agreement on the fundamental principle after all. The difficulty was that some Members thought that the costs of salvaging, repairing and refitting looted ships found outside Japanese waters should be borne by the Japanese in full. The U. S. Government, on the other hand, would be content to permit this matter to be handled along with general reparations claims, which meant that they would be satisfied that the costs involved should be paid only in part. This clearly constituted a fundamental disagreement in principle and it seemed quite unlikely, therefore, that any satisfactory solution could be found by the Committee.

The U. K. Member said that the Subcommittee's discussions of the subject had clearly demonstrated, at least to him, that there was no immediate hope of settling this problem. He thought that the present discussion further confirmed this view. He suggested, therefore, that the Committee suspend discussions on the paper indefinitely. If FEC-011/44 and the amendment to paragraph 3 proposed in the Subcommittee were voted on at this stage, he would have to vote against them both.

The Australian Member said that he thought there was a clear distinction between the restitution problems involved in, for example, looted diamonds and those involved in looted ships. If the Committee was interested in achieving any moral effect by holding the Japanese responsible for payment of costs involved in restoring looted ships found outside Japanese waters, then the worst thing that could be done would be to order the Japanese to pay knowing full well that they would be unable to do so. To write such a provision into the paper would create the illusion that the Japanese were meeting their obligations when in reality they would not be doing so. If a feasible plan of payment could be suggested, he would be able to support it. In fact he hesitated to admit defeat on this issue. But he was inclined to believe that the recent discussions indicated that the situation was practically hopeless. There was a wide gulf between the U. S. and Soviet positions with seemingly little chance of narrowing it.

The U. S. Member suggested that, in view of the impasse which had clearly been reached in the discussions, FEC-011/44 should be held in a state of indefinite suspension and be removed from the agenda.



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The Canadian Member agreed with the suggestion to suspend discussions of the paper until such time as any Member came forward with a new proposal. He recalled that everything except the proposed amendment to paragraph 3 had been discussed in the Commission and had received the approval of all except the Soviet delegation, which finally vetoed the paper. To forward the present document to the Steering Committee or the Commission would serve no useful purpose whatever. The problem involved was not a political but a technical one. Until some Member would devise some formula which would provide reasonable promise of approval, he suggested that discussions on the paper be indefinitely suspended.

The Soviet Member requested clarification of the status of a paper that was "indefinitely suspended". The U. S. Member said that such a paper officially remained part of the Committee's business but would not remain on the agenda. Any Member could, however, be able to request that the item be returned to the agenda at any time. The Soviet Member said that since the Commission had instructed the Committee to discuss the paper, it would perhaps be more appropriate to report to the Commission on the results of the discussions. The FEC could then, if it wished, instruct the Committee to table the paper.

The U. K. Member said that since there was a difference of opinion as to the proper disposition of this paper he would formally move that the item be retained on the Committee's agenda. The Canadian Member requested the U. K. Member to agree to amend his motion to read: "FEC-011/44 should be retained on the Committee's agenda as the last item of business." The French Member stated, and the Committee agreed, that this motion, if carried, would not in any way prejudice the right of any Member to bring the matter up for discussion at any time in the Steering Committee or the Commission. The Chairman called for the vote and the motion was carried 7 to 3, the Chinese, French and Soviet Members opposing, the Netherlands Member abstaining. FEC-011/44 will accordingly be retained on the agenda as the last item of business.

ITEM 5 - POLICY TOWARDS PATENTS AND UTILITY MODELS IN JAPAN,  
C1-284/3, /4; FEC-284

The U. K. Member called attention to C1-284/4, a new paper submitted by the Patents Subcommittee, suggesting certain changes in C1-284/3.

There was no further discussion of this item and it was retained on the agenda.

ITEM 6 - REPARATIONS CLAIMS AGAINST JAPAN, C1-283/1

The U. S. Member said he would like to make a slight change in the wording of the amendment to the paragraph suggested by him at the last meeting. His proposed revision of this paragraph would now read as follows:

Acceptance by any country of a determination of its reparations share determined on the basis of the principles set out in FEC-219/7 (Division of Reparations Shares) and receipt in full of the goods allocated in accordance with the provisions of FEC-094/2 (Delivery of Reparations Goods in Japan), should be deemed to satisfy all national claims for reparations as defined herein.



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The French Member, commenting on paragraph 3 of C1-283/1, said that his delegation interpreted this paragraph to mean that the problem of payment of post-surrender occupations costs would be treated separately. He wondered if this was also the interpretation of the U. S. delegation. The U. S. Member said that this was also his interpretation of paragraph 3.

There was no further discussion and the item was retained on the agenda.

ITEM 7 - PROPOSED PUBLIC ANNOUNCEMENT REGARDING REPARATIONS CLAIMS OF NON-FEC COUNTRIES, C1-307

The Soviet Member made the following statement:

"The USSR delegation in the FEC feels that the consideration of C1-307, Proposed Public Announcement Regarding Reparations Claims of Non-FEC Countries, is not an urgent matter since the reparations percentage shares for the FEC countries have not yet been determined.

"The attention is also drawn to the fact that in C1-307 there is reference to C1-283/1, Reparations Claims Against Japan, which paper however has not yet been adopted and is under consideration of the FEC, which fact proves once again that the consideration of C1-307 is premature."

There was no further discussion of this item. It was retained on the agenda.

ITEM 8 - SETTLEMENT OF AMOUNTS DUE REPATRIATED JAPANESE, FEC-294, C1-294/1, FEC-090

There was no discussion of this item. It was retained on the agenda.

ITEM 9 - OTHER BUSINESS

There was no other business.

Meeting adjourned at 4:35 p.m.

Time of next meeting: 26 May 1948 at 3:00 p.m.



FEC-RESTRICTEDCI-211/26CI-211/2614 May 1948FAR EASTERN COMMISSIONCOMMITTEE NO. 1: REPARATIONSREPARATIONS ALLOCATIONS PROCEDURES FOR INDUSTRIAL  
FACILITIES IN JAPAN

(References: SC-211/18, /21, /23)

Note by the Secretary General

1. The enclosure, a reissue of SC-211/23 containing an amendment to paragraph 12 adopted by Committee No. 1 at its 159th meeting on 12 May 1948, is circulated herewith for the further consideration of COMMITTEE NO. 1: REPARATIONS.
2. It is the understanding of the Chinese and French Members that the decisions of the Commission referred to in paragraph one of the enclosure regarding availability for reparations transfer of categories of Japanese industry are to be made in conformity with Commission decisions on the level of the Japanese peacetime economy.
3. The Australian, Canadian, Chinese, French, Netherlands, Philippine and U. K. Members of the Subcommittee agreed to the provisions for valuation in paragraph 3 of the enclosure on the understanding that their acceptance was without prejudice to their views on any final accounting for Japanese reparations which may at a later date be deemed proper and advisable.
4. The French and Netherlands Members of the Subcommittee are of the opinion that among the problems of countries with small shares, referred to in paragraph 7 of the enclosure, should be included the desire of such countries to receive individual industrial units rather than fully integrated facilities, so that such countries may obtain items of special value to them and so that a given country's share need not be covered in its entirety by a single integrated facility or by merely a few integrated facilities.
5. The Chinese Member reserved his position on the definition of "small shares" in the paper. He preferred either a precise percentage definition of "small shares" or a restriction of the application of the principle contained in the last sentence of paragraph 7 to sub-paragraphs a, b and c of that paragraph.
6. The Canadian Member said his Government was of the opinion that paragraph 10 b should have contained some specific provision for the rotation of arbitral duties to ensure that individual members of the RTC are not asked to perform these duties with disproportionate frequency. The Canadian Member of the RTC will feel free to decline to arbitrate in any particular dispute or disputes if the duties of arbitration become too onerous or are not shared fairly among all members.
7. The French Member calls to the attention of the Committee the fact that no provision was made in sub-paragraph 10, c for changes in valuations resulting from losses or damage to facilities after allocation but prior to packing, since it was felt that this was adequately provided for in paragraph 6.

NELSON T. JOHNSON  
Secretary General

CI-211/26



FEC-RESTRICTEDE N C L O S U R EREPARATIONS ALLOCATIONS PROCEDURES FOR INDUSTRIAL FACILITIES IN JAPAN

1. SCAP should be responsible for selection of the particular industrial facilities to be made available for removal from Japan as reparations in accordance with relevant policy decisions under the Terms of Reference of the Far Eastern Commission.

2. SCAP should prepare an inventory of the individual Japanese industrial facilities selected in accordance with paragraph 1 above. This inventory should include sufficient technical and operational information to aid a prospective claimant in determining the utility of the individual facility.

3. SCAP should determine the procedure for uniform monetary valuations and should assign such valuations to industrial facilities selected and listed under paragraphs 1 and 2 above. The purpose of such valuations is solely to provide a uniform basis of comparison among industrial facilities for the purpose of allocation. Such valuations, therefore, need have no direct relation to any other values so long as they are consistent among the reparations assets comprised of industrial facilities. Valuations should be in sufficient detail to permit charges to be made for parts of plants which may be allocated separately.

4. SCAP should submit to representatives of countries, members of the FEC, the inventory provided for in paragraph 2 and the valuations provided for in paragraph 3.

5. Upon receipt of the inventory and the valuations mentioned above, a country, member of the FEC, may lodge with SCAP claims for the allocation to it of particular industrial facilities.

6. SCAP should set up reparations accounts for recipient countries. The value of the facilities received by any one country should not exceed its percentage share of the total value of the industrial facilities selected by SCAP for removal as reparations. In accordance with FEC-094/2 (DELIVERY OF REPARATIONS GOODS IN JAPAN, approved by the Far Eastern Commission on 13 February 1947 and transmitted to the Supreme Commander on 19 February 1947 as Directive Serial No. 69) a claimant country will make a commitment to accept a specific facility at the time allocation is made. SCAP should likewise agree to reserve the accepted facility for the claimant country. At such time SCAP should make an initial charge to the country's reparations account of the value assigned to the facility. When title is taken by a country on delivery of the facility aboard the carrier, a final charge should be made against the country's reparations account, making allowance, if necessary, for any unforeseen loss of value. When, after allocation but prior to packing, an item of reparations is found on inspection not to conform substantially to the particulars given in the inventory the country may refuse to accept such item and its reparations account should be credited with the charge previously made for the item. The provisions of the foregoing sentence should also apply where substantial damage or loss is sustained in transit to the port in Japan.



FEC-RESTRICTED

7. SCAP should allocate particular industrial facilities to each country on the basis of claims submitted by that country. When two or more countries file claim for the same facility, SCAP should work out what seems to him the most reasonable allocation, taking into primary consideration the proportion of each country's share still unfilled. After taking into account this primary consideration, SCAP should give consideration to the following criteria in stated order of priority:

a. claims for whole plants and related facilities as opposed to claims for portions thereof;

b. the extent to which the claimed item or items would replace property which was destroyed, damaged or looted by Japan, or which requires replacement because of excessive use incident to engaging in hostilities against Japan;

c. the extent to which the claimed item or items can be integrated into the general pattern of the claimant country's economic life, having regard to the former dependence of the claimant country on imports from Japan of the item or items (or products thereof) claimed, and the contribution of the claimed item or items to programs for the claimant country's economic adjustment, including the development of resources contributing to the welfare of the Far East.

In applying the provisions of this paragraph, due regard should be given to the special problems of countries whose shares, in the opinion of SCAP, are small.

8. In making allocations as provided by paragraph 7, SCAP should, to the extent practicable and taking into due account the need for special items on the part of countries receiving only small shares, give consideration to striking a fair and equitable balance as between all claimant countries of industrial facilities:

a. in integrated or consolidated units,

b. of modern and efficient design and manufacture,

c. in good working condition.

9. Industrial facilities known to have been looted or probably looted from Allied countries should not be allocated as reparations until their eligibility for restitution has been determined.

10. Each country represented on the FEC should be permitted to have a reparations technical mission in Japan. These missions should be afforded full opportunity for inspection of plants declared available, and should be kept fully informed by SCAP of all designations and allocations. They should be authorized by their Governments:

a. to receive inventories, valuations and other communications from SCAP relating to reparations;

b. to lodge claims;

c. to make commitments to accept title to plants selected;

d. to accept title to industrial facilities on reparations account;



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e. to make all necessary arrangements with SCAP including scheduling the required shipping for the actual removal of allocated facilities in accordance with the principles laid down in FEC-094/2 (DELIVERY OF REPARATIONS GOODS IN JAPAN, approved by the Far Eastern Commission on 13 February 1947 and transmitted to the Supreme Commander on 19 February 1947 as Directive Serial No. 69);

f. to provide such technical information and advice regarding industrial facilities suitable for use by the potentially recipient countries as may be considered of assistance to SCAP in selecting plants and equipment for reparations removal.

11. SCAP should organize a Reparations Technical Committee (RTC) composed of the heads of the above Reparations Technical Missions with a non-voting chairman representing SCAP. The functions of this Committee should be:

a. to assist SCAP in an advisory capacity, in the development of technical and administrative procedures to assure an orderly removal of reparations goods from Japan;

b. to assist SCAP in the settlement of disputes regarding allocation in accordance with the following procedure:

(1) In the event of dissatisfaction of one or more claimant countries with the allocation made by SCAP in accordance with the provisions of paragraphs 7 and 8 of this policy, the dissatisfied country or countries may, within 30 days of notice of the allocation by SCAP, refer the case to the RTC for final settlement. Reference of the dispute to the RTC shall suspend the effect of the particular allocation by SCAP until the final settlement has been made. Upon such reference the RTC may itself decide to hear the case or, if all the disputants concur, refer it to arbitrators.

(2) When arbitrators are chosen from among the members of the RTC, the duty of arbitration should be shared as equitably as possible. The countries concerned in the dispute shall be responsible for collecting and presenting the information on which the arbitrators or the RTC, as the case may be, should base their decision.

(3) If the RTC decides to hear the case or to refer it to arbitration, a final decision shall be made as soon as practicable, but in no event later than 30 days after the decision that the case should be heard.

(4) If the RTC, within 30 days of the reference to it of the dispute, does not decide either to hear the case or to refer it to arbitration, the allocation made by SCAP will be final.

(5) All decisions of the RTC in connection with the settlement of disputes should be made by a simple majority vote of the members present.



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c. to provide for review of valuation in accordance with the following procedure:

Upon receipt by members of the RTC of the valuations provided for in paragraphs 3 and 5 but prior to final allocation of any facility, and on request of any member, the RTC may, by a simple majority vote of those members present, request SCAP to review any valuation whether of an individual facility or a category of facilities, which it considers to be inconsistent with valuations of other industrial facilities or categories of facilities.

12. A country taking title to industrial facilities from Japan as reparations shall undertake not to dispose of such facilities in whole or in part within sixteen months from the date of delivery aboard the carrier otherwise than as follows:

*HK  
reverts*

a. for use in its own territories or in territories for which it has international or established responsibility, but not in Japan or Germany;

b. for use in territories which have been separated from the territory of the recipient country since the date of the surrender of the Japanese forces;

c. for use by its own nationals anywhere except in Japan;

d. to satisfy claims of foreign nationals against the recipient country arising out of war damage.

The foregoing provisions shall not, however, preclude barter of such facilities among recipient countries in exchange for other assets allocated as reparations from Japan.

13. Claims for individual facilities should be filed with SCAP by a claimant country within six months after the fixing of a claimant country's final reparations percentage share, or receipt from SCAP of a final inventory and valuation of the facility, whichever is the later date. However, if the wishes of all countries with respect to an individual facility have been expressed in less than 6 months, immediate allocation should be made.

14. SCAP should arrange for the delivery at ports in Japan of reparations goods allocated to claimant countries after consultation with those countries to arrange suitable schedules for delivery. In arranging those schedules for delivery, SCAP should give consideration to the following:

a. the order in which each claimant country desires that the different items comprising its share should be made available for shipment;

b. the preservation, as far as possible, of a reasonable balance among the rates at which the shares of the several claimant countries are progressively satisfied by allocation and delivery, except in so far as this principle would operate against the interest of countries entitled to only a small share of reparations from industrial facilities.



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In arranging with SCAP for the delivery of reparations goods, each claimant country may specify items totalling not more than 40 percent of its share of industrial facilities which should be delivered at the port within one year after allocation has been made. Claimant countries will agree to accept delivery of goods no later than two years after their allocation, providing that such goods have been delivered to the loading point at the port within a reasonable time before the end of that period.

15. Industrial facilities, machinery or equipment (other than specialized war-making equipment) declared available for reparations, but either not claimed or not accepted as prescribed in the provisions of this paper, should not be destroyed or otherwise disposed of by SCAP pending receipt of directives issued in accordance with the procedure in paragraph 6 of FEC-084/21 (REDUCTION OF JAPANESE INDUSTRIAL WAR POTENTIAL approved by the Far Eastern Commission on 14 August 1947 and forwarded to the Supreme Commander on 23 August 1947 as Directive Serial Number 87).



C1-211/27FEC-RESTRICTEDC1-211/2721 May 1948FAR EASTERN COMMISSIONCOMMITTEE NO. 1: REPARATIONSREPARATIONS ALLOCATIONS PROCEDURES FOR INDUSTRIAL  
FACILITIES IN JAPAN  
Proposed Soviet Amendments to C1-211/26Note by the Secretary General

1. The enclosure, amendments to C1-211/26 submitted by the Soviet Member at the 160th meeting of Committee No. 1 on 19 May 1948, is circulated herewith for the consideration of COMMITTEE NO 1: REPARATIONS.
2. The proposed additions are indicated by underlining. Deletions are indicated by striking through the original wording.

NELSON T. JOHNSON  
Secretary General

C1-211/27



FEC-RESTRICTEDE N C L O S U R EREPARATIONS ALLOCATIONS PROCEDURES FOR INDUSTRIAL  
FACILITIES IN JAPAN  
Proposed Soviet Amendments to C1-211/26

1. SCAP should be responsible for selection of the particular industrial facilities to be made available for removal from Japan as reparations in accordance with relevant policy decisions ~~under the Terms of Reference~~ of the Far Eastern Commission.

\* \* \* \*

4. SCAP should submit to representatives of countries, members of the FEC, the inventory provided for in paragraph 2 and the valuations provided for in paragraph 3. When inspecting facilities on the spot, the representative of a claimant country may require that the materials be submitted to him on the basis of which the valuation has been made and in case of disagreement with the valuation made by SCAP Headquarters, the question of final valuation should be decided jointly with the participation of a representative of the claimant country and a representative of SCAP Headquarters.

\* \* \* \*

10. Each country represented on the FEC should be permitted to have ~~a reparations technical mission~~ an Allied Reparations Mission in Japan. These missions should be afforded full opportunity for inspection of plants declared available, ~~and should be kept fully informed by SCAP of all designations and allocations.~~ They should be authorized by their Governments etc (as in C1-211/26).

\* \* \* \*

11. (Delete original paragraph 11 and substitute the following): "There should be established with SCAP an Inter-Allied Reparations Agency composed of the heads of the Allied Reparations Missions. The functions of this Agency should be the consideration and approval of reparations claims of countries having the right to reparations from Japan and within the limits of their national shares. Decisions of the Inter-Allied Reparations Agency should be made by a simple majority vote, with the subsequent approval of these decisions by the Far Eastern Commission".

\* \* \* \*

13. Claims for individual facilities should be filed with SCAP-the Inter-Allied Reparations Agency by a claimant country within six months after the fixing of a claimant country's final reparations percentage share, or receipt from SCAP of a final inventory and valuation of the facility, whichever is the later date. However, if the wishes of all countries with respect to an individual facility have been expressed in less than 6 months, immediate allocation should be made.



C1-211/28FEC-RESTRICTEDC1-211/2824 May 1948FAR EASTERN COMMISSIONCOMMITTEE NO. 1: REPARATIONSREPARATIONS ALLOCATIONS PROCEDURES FOR INDUSTRIAL  
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Proposed Soviet Amendments to C1-211/26Note by the Secretary General

1. The enclosure, a corrected version of C1-211/~~26~~<sup>7</sup> containing amendments submitted by the Soviet Member at the 160th meeting of Committee No. 1 on 19 May 1948, is circulated herewith for the consideration of COMMITTEE NO. 1: REPARATIONS.
2. The proposed additions are indicated by underlining. Deletions are indicated by striking through the original wording.
3. This document fully replaces C1-211/27.

NELSON T. JOHNSON  
Secretary General

C1-211/28



FEC-RESTRICTEDENCLOSUREREPARATIONS ALLOCATIONS PROCEDURES FOR INDUSTRIAL  
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\* \* \* \*

5. (Delete original paragraph 5 and substitute the following): "Industrial facilities declared by decisions of the Far Eastern Commission available for reparations shall, after their selection by the Supreme Commander, be subject to allocation by the Inter-Allied Reparations Agency composed of the heads of Allied Reparations Missions."

\* \* \* \*

6. SCAP should set up reparations accounts for recipient countries. The value of the facilities received by any one country should not exceed its percentage share of the total value of the industrial facilities ~~selected by SCAP for removal as reparations~~ available for removal as reparations. (Remainder of paragraph unchanged)

\* \* \* \*

7 and 8. Delete both paragraphs in their entirety.

\* \* \* \*

10. Each country represented on the FEC should be permitted to have ~~a reparations technical mission~~ an Allied Reparations Mission in Japan. These missions should be afforded full opportunity for inspection of plants declared available, ~~and should be kept fully informed by SCAP of all designations and allocations.~~ They should be authorized by their Governments etc (as in C1-211/26).

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