

FAR EAST

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FEC-219

Division of Reparations Shares

8 April 1949

DIVISION OF SHARES

On 1 July 1946 the U.K. made the following proposal (FEC-075):

The United Kingdom Delegate to the Far Eastern Commission proposes that the Commission now devise a plan for the division of Japanese reparations among claimant countries on broad political lines. In making this proposal His Majesty's Government in the United Kingdom do not seek to dissuade member states from presenting statistical evidence in support of their claims, but they feel that it will be difficult to compile claims on a comparable basis. In the view of His Majesty's Government each Delegate to the Commission should be at liberty to present whatever evidence he wishes, whether statistical or other, in support of his country's claim, but they believe that such evidence can only avail to illustrate the importance of particular factors in each claim.

This division should necessarily take account of Japanese assets outside Japan.

The U.K. representative said that, although the total amount of reparations and the question of external assets were not settled, his Government believed the question of proportionate shares could be considered and that a broad political approach was preferable to a statistical approach.

In discussions in Committee No. 1 the French member suggested grouping the countries according to the characteristics of their claims:

1. Those seeking more compensation for war effort expended than for damages sustained.

2. Those seeking more compensation for damages sustained than for war effort expended.

3. Those deserving separate treatment.

He suggested agreeing on a percentage for each of these groups, as a first step, and then proceeding to work out each country's share.

The New Zealand member suggested that each country submit a list of the percentage it considered appropriate for each of the eleven countries. The U.S. member thought that countries did not have sufficient information as to the basis of each claim for this, and proposed instead that each member submit unofficial views on the relative weights that should be assigned to the following categories, and roughly how much of their national claim was based on each category:

1. Direct war damage.
2. Budgetary expenditures allocable to the war against Japan.
3. Other claims.
4. Manpower
 - a. Man years allocable to the war effort against Japan.
 - (1) Armed forces,
 - (2) Civilian.
 - b. Man years lost to the national economy by the deportation of labor and forced labor in occupied territory.
 - c. War-time casualties, killed, missing and injured.
 - (1) Armed forces,
 - (2) Civilian.

The U.K. member opposed any obligation to present statistical data.

At the suggestion of the Soviet member of Committee No. 1, discussion was postponed until settlement of the question of external assets, and the proposed Reparations Conference. As these questions remained unresolved, the subject of shares was not opened again for many months.

Insert A

On 14 April 1947 Committee No. 1 approved the following conclu-

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In February 1947, the U. S. proposal on advance transfers of reparations (FEC-201) reopened the question of shares to go to each country. Four general suggestions were made during discussions in Committee No. 1:

1. Each Member should submit the percentage his Government desired.
2. Each Member should submit an official schedule for all eleven countries.
3. Each Member should submit a "secret schedule" for all countries to the Chairman of the FEC who would average them and return a schedule of eleven percentages to the Committee.
4. The Chairman of Committee No. 1 should submit a schedule of eleven percentages to the Committee, formulated in his capacity as Chairman after ^{such} consultation with members as he ~~deemed~~ deemed fit.

At the suggestion of the Soviet member of Committee No. 1, discussion was postponed until settlement of the question of external assets, and the proposed Reparations Conference. As these questions remained unsolved, the subject of shares was not opened again for many months.

Insert A

On 14 April 1947 Committee No. 1 approved the following conclusions (Cl-219/1):

1. Each country represented on the FEC should submit within fourteen days the percentage share of reparations, determined on broad political lines, which it desires to receive from industrial assets within Japan declared available for reparations.

2. In addition each member who is willing to do so should submit conclusions that would facilitate the establishment by the FEC of reparations percentage shares for other member countries, provided that the conclusions submitted have the tentative support of either his Government or the head of his Government's Far Eastern Commission delegation.

The first was introduced by the Soviet member on 1 April 1947, and the second added by the U.S. member during discussions.

At this time the Basic Post-Surrender Policy was still under consideration in the Steering Committee. Paragraph 4, Part IV, contained the following provisions on reparations:

For acts of aggression committed by Japan and for the purpose of equitable reparation of the damage caused by her to the Allied Powers and in the interests of destruction

of the Japanese war potential in those industries which could lead to Japan's rearmament for waging war, reparations shall be exacted from Japan through the transfer of such existing Japanese capital equipment and facilities or such Japanese goods as exist or may in future be produced and which under policies set forth pursuant to the Terms of Reference of the Far Eastern Commission should be made available for this purpose. The reparations shall be in such a form as would not endanger the fulfillment of the program of demilitarization of Japan and which would not prejudice the priority to be accorded to the defraying of the cost of occupation and the maintenance of a minimum civilian standard of living. The shares of particular countries in the total sum of the reparations from Japan shall be determined on a broad political basis, taking into due account the scope of material and human destruction and damage suffered by each claimant country as a result of the preparations and execution of Japanese aggression, and taking also into due account each country's contribution to the cause of the defeat of Japan, including the extent and duration of its resistance to Japanese aggression.

Following a recommendation by Committee No. 1, proposed by the U.S. member, this paragraph was passed as a separate policy decision (FEC-219/7) on 8 May 1947.

As recommended by the Committee and finally passed, the policy contained an additional final sentence:

The clauses herein on reparations and reference to this subject are without prejudice to the views of Governments on the overseas assets issue.

The Australian Representative abstained from the vote in which all other Representatives concurred. He had previously stated that Australia believed that the division of reparations shares was beyond the practical or legal competence of the FEC and should be decided at the Peace Conference. He proposed that a tribunal of three independent and preferably judicial persons be established to investigate relative contributions and damages, and to report to the Peace Conference when it convened. This proposal was not taken up.

Several delegations had stated reservations on division of Japanese shipping as reparations, and Committee No. 1 had agreed, in ^{discussing percentage share} recommending the above policy, to consider only industrial facilities for the time being.

On 12 May 1947, according to previous agreement (Cl-219/1), each Member of Committee No. 1 submitted the percentage share of reparations desired by his country with supporting statements. The total of all shares requested was 204.5%. Various approaches were discussed to the problem of reducing the total to 100%. Eight Members submitted schedules from their Government assigning percentages to all eleven countries on the basis of 100%. The Canadian and Chinese Members submitted percentages by groups, rather than by individual

countries. The Australian Member did not submit a schedule. In subsequent discussions, the following methods of obtaining agreement were considered and rejected:

1. Grouping countries according to extent of claims or basis of claims, assigning a percentage to each group and leaving the countries in the group to work out their own decision. It was felt this would be as difficult as treating each country individually.

2. Adopting one of the official schedules as a basis for negotiation. Each schedule was unacceptable to some Members because of the percentages assigned to their country. The only motion to this effect, by the Soviet Member for the adoption of the Soviet schedule, was defeated.

3. Forwarding all relevant data to the FEC with request that the Commission, or its Chairman, devise a single schedule for use by the Committee in negotiations. This idea was abandoned on the advice of the Chairman of the FEC.

4. Averaging the schedules submitted to obtain a single schedule for negotiation. *This was a N. Z. proposal supported by some members.* Several Governments strongly opposed any use of averages. *→ however,*

5. Dividing each requested percentage in half, with some slight deviations, to obtain a schedule totalling 100% to be used as a basis for negotiation. This was proposed by the French Member *but* and unacceptable to the Committee.

6. Requesting Governments to reconsider and reduce percentages requested for themselves. India, the Netherlands, USSR and U.S. had voluntarily revised their percentage but the reductions were too small to effect the total problem. The Committee felt that no significant revision could be expected.

7. Refer^{ring} the subject back to Governments with a request that Members be given broader powers of negotiation. The Committee was unable to agree on the scope of the powers of negotiation to be requested. The subject of external assets again arose with the Soviet Member refusing to recognize its inclusion in negotiations and the U. K. Member voicing the insistence of his Government that external Japanese assets held by FEC nations should be considered in determining percentage shares.

All schedules submitted were completely unacceptable to one or more Members. All proposals for arriving at a single schedule either had met strong opposition from some Members or seemed unlikely to be useful. The possibility of getting different instructions from Governments appeared slight. On 24 September 1947, the Committee generally agreed that it had reached an impasse. A few Members felt that the subject should be kept in the Committee until further attempts were made at solution. However, by a vote of 7 to 1 (Neth) with France, USSR, and U.S. abstaining, the Committee authorized the Secretary to prepare a report of failure of negotiations for the Commission. This report (FEC-219/25), approved by the

Committee by a vote of 9 to 2 (Neth and USSR) included a complete outline of discussions in the Committee, including schedules submitted, supporting statements, proposals made and excerpts from the discussions.

On 6 November 1947, the U. S. Representative on the FEC submitted a schedule of percentages (FEC-278) with the announcement that if the Commission would agree to adopt it, the U. S. would relinquish 18% of the 28% listed for the U.S. to be divided among the other Member countries as they should decide. At the following meeting, Australia offered to add ^{5 out of} its 8% to the pool of 18%, if the Commission adopted the U.S. proposal.

In subsequent discussions, the U.K. Representative expressed dissatisfaction with the percentage assigned to the U. K. in the U.S. proposal and also with the insufficient consideration given, in his Government's view, to Japanese external assets in possession of the various countries in determining their share of reparations from assets in Japan. The French, Indian, Netherlands and Soviet Representatives stated that they could not accept the percentages assigned to them. The first three representatives ^{emphasized} employed the disparity between the average of percentages for France, India and the Netherlands in the ten official schedules submitted, and the percentages assigned in the U. S. proposal.

US The U. S. Representative made it clear that his Government's offer to relinquish 18% was conditional on acceptance of the proposal had been submitted for approval or rejection and that the ^{and that the percentages were} schedule contained therein was not subject to negotiation.

The U. S. Representative made it clear that his Government's offer to relinquish 18% was conditional on acceptance of the U.S. proposal, and that the percentages in it were not subject to negotiation.

Since 18 December 1947, the item has been retained on the Commission's agenda without discussion. On 25 March, 27 May and 29 July 1948, the Chinese Representative urged Members to review their positions in hopes of reaching a solution, but no further progress has been made.

20 April 1949

DIVISION OF SHARESFEC-075: U.K. PROPOSAL

Dates: Introduced by U.K. on 1 July 1946
Suspended 31 July 1946

Provisions:

" The United Kingdom Delegate to the Far Eastern Commission proposes that the Commission now devise a plan for the division of Japanese reparations among claimant countries on broad political lines. In making this proposal His Majesty's Government in the United Kingdom do not seek to dissuade member states from presenting statistical evidence in support of their claims, but they feel that it will be difficult to compile claims on a comparable basis. In the view of His Majesty's Government each Delegate to the Commission should be at liberty to present whatever evidence he wishes, whether statistical or other, in support of his country's claim, but they believe that such evidence can only avail to illustrate the importance of particular factors in each claim.

This division should necessarily take account of Japanese assets outside Japan."

Points at Issue:

1. The reference to external assets in the last sentence of the proposal encountered the Soviet objection, expressed

from the earliest discussions of reparations, that this was outside the jurisdiction of the FEC. The U.K. maintained that the amount of Japanese external assets held by a country must be taken into account in determining its share of reparations from assets in Japan.

2. The U.K., in line with its proposal for dividing shares "on broad political lines" opposed any obligation to present statistical data in support of national claims. The U.S. ^{felt} maintained that some detailed information was necessary to give countries a basis for judging each others claims.

Other Proposals

In discussions of FEC-075 in Committee No. 1, the following proposals were made:

1. Claimant countries should be divided into three groups:
 - a. Those whose war effort expended excelled damages sustained.
 - b. Those whose damage sustained excelled war effort expended.
 - c. Those deserving special treatment.

A percentage should be assigned to each group, and the individual shares worked out between the countries in the group. (France, 28th meeting, 15 July 1946)

2. Each country should submit a list of the percentages it considered appropriate for each of the eleven countries. (N.Z., 28th meeting, 15 July 1946). Moved and lost 29th meeting 18 July 1946.

3. Each member of Committee No. 1 should submit unofficial views on the relative weight that should be assigned to the following categories, and roughly how much of their national claim was based on each category:

- a. Direct war damage.
- b. Budgetary expenditures allocable to the war against Japan.
- c. Other claims.
- d. Manpower.

(1) Man years allocable to the war effort against Japan.

(a) Armed forces.

(b) Civilians.

(2) Man years lost to the national economy by the deportation of labor and forced labor in occupied territory.

(3) War-time casualties, killed, missing and injured.

(a) Armed forces.

(b) Civilian. (U.S., 30th meeting, 24 July 1946)

Final Action

On 31 July 1946, at the suggestion of the Soviet Member of

Committee No. 1, discussion of FEC-075 was postponed pending settlement of the question of external assets, on which bilateral discussions were proceeding between the USSR and the U.S., and the question of the proposed Reparations Conference. Since these questions were not settled, the postponement continued for several months. When the subject of division of shares was reopened in March 1947 (See ^{Section on} CI-219/7), FEC-075 was not carried on the agenda.

Summary

This was the first proposal regarding division of reparations shares. The accent it gave to broad political lines as a basis for claims, as opposed to statistical claims, was followed in the later presentation of national claims when delegations for the most part limited themselves to general statements in support of their Governments claims.

April 20, 1949

DIVISION OF SHARESC1-219/1 - AGREEMENT ON SUBMISSION OF
PERCENTAGES

Dates: Introduced in Committee No. 1.
Paragraph 1 by USSR, 1 April 1947
Paragraph 2 by U.S., 8 April 1947
Approved by Committee No. 1, 14 April 1947.

Provisions:

"1. Each country represented on the FEC should submit within fourteen days the percentage share of reparations, determined on broad political lines, which it desires to receive from industrial assets within Japan declared available for reparations."

"2. In addition each member who is willing to do so should submit conclusions that would facilitate the establishment by the FEC of reparations percentage shares for other member countries, provided that the conclusions submitted have the tentative support of either his Government or the head of his Government's Far Eastern Commission delegation."

Origin of Paper:

In February 1947, the United States introduced a proposal for advance transfer of reparations to China, Netherlands, Philippines and the United Kingdom. In the discussions that followed in Committee No. 1 the question of division of shares played a large part. Efforts were renewed to settle final percentages so that an extensive interim program would not be necessary. In the course of discussions, four general suggestions were made:

1. Each member should submit the percentage his Government desired. (China, 67th Mtg., p. 3, Canada, 70th Mtg., p. 2)
2. Each member should submit an official schedule for all eleven countries. (U.S., 67th Mtg., p. 3) A New Zealand suggestion to this effect was rejected in June, 1946.
3. Each member should submit a "secret schedule" for all countries to the Chairman of the Far Eastern Commission who would average them and return a schedule of 11 percentages to the Committee. (China, 68th Mtg., p. 2; suggestion of Chairman of FEC, 74th Mtg., p. 2)
4. The Chairman of Committee No. 1 should, in his capacity as Chairman, submit a schedule of 11

percentages formulated after such consultation with members as he deemed fit. (New Zealand, 71st Mtg., p. 3)

On 1 April 1947, the Soviet member of Committee No. 1 introduced the first provision of C1-219/1, that each member should submit his own Government's desired percentage. On 8 April 1947, the United States member proposed the second provision, that each member submit a schedule of percentages for all countries.

Points at Issue and Amendments:

1. The United Kingdom member stated a reservation on division of Japanese shipping as reparations, with which the Australian and United States members associated themselves, resulting in the limitation of the first provision to "industrial assets in Japan". (83rd Mtg., 14 April 1947)
2. Several members opposed any obligation to submit percentages for all countries. The original U. S. wording was amended to make the second provision voluntary and to avoid direct mention of percentages. (83rd Mtg., 14 April 1947)

Final Action:

On April 14, 1947, Committee No. 1 unanimously approved the "conclusions" represented by the Soviet and U.S. proposals, as amended.

Summary of Resulting Schedules and Discussions

At the 92nd meeting of Committee No. 1 on 12 May 1947, each Member submitted the percentage share of Japanese reparations desired by his country, with a supporting statement. The total of all shares requested was 204.5%. In subsequent discussions, various approaches were attempted to the problem of reducing the total to 100%. Eight Members submitted schedules from their Government assigning percentages to all eleven countries on the basis of 100%. The Canadian and Chinese Members submitted percentages by groups, rather than by individual countries. The Australian Member, in line with the position taken by the Australian Government in connection with FEC-219/7, did not submit a schedule. Between May and September of 1947, the following methods of obtaining agreement were considered and rejected:

1. Grouping countries according to extent of claims or basis of claims, assigning a percentage to each group and leaving the countries in the group to work out their own division. (France, 93rd Mtg, 14 May 1947). It was felt this would be as difficult as treating each country individually.

2. Adopting one of the official schedules as a basis for negotiation. Each schedule was unacceptable to some Members because of the percentages assigned to their country. Proposals by the Soviet and U.S. Members for the

adoption of their respective schedules were rejected.

(117th Mtg, 23 July 1947).

3. Forwarding all relevant data to the FEC with request that the Commission, or its Chairman, devise a single schedule for use by the Committee in negotiations. (Canada 118th Mtg, 25 July 1947). This idea was abandoned on the advice of the Chairman of the FEC.

4. Averaging the schedules submitted to obtain a single schedule for negotiation. *Mentioned first by US (99th Mtg, 2 June 1947). Later* ~~This was~~ a N. Z. proposal supported by the Canadian, French, Netherlands and U.S. Members. The Chinese and Soviet Members, however, strongly opposed any use of averages. (122nd Mtg, 20 August 1947).

5. Dividing each requested percentage in half, with some slight deviations, to obtain a schedule totalling 100% to be used as a basis for negotiation. This was proposed by the French Member but unacceptable to the Committee. (124th Mtg, 3 September 1947).

6. Requesting Governments to reconsider and reduce percentages requested for themselves. (USSR, 124th Mtg, 3 September 1947). India, the Netherlands, USSR and U.S. had voluntarily revised their percentage but the reductions were too small to affect the total problem. The Committee felt that no significant revisions could be expected.

7. Referring the subject back to Governments with a request that Members be given broader powers of negotiation. (Canada and India, 124th Mtg, 3 September 1947). The Committee was unable to agree on the scope of the powers of

negotiation to be requested. The subject of external assets again arose with the Soviet Member refusing to recognize its inclusion in negotiations and the U.K. Member voicing the insistence of his Government that external Japanese assets held by FEC nations should be considered in determining percentage shares.

All schedules submitted were completely unacceptable to one or more Members. All proposals for arriving at a single schedule either had met strong opposition from some Members or seemed unlikely to be useful. The possibility of getting different instructions from Governments appeared slight. On 24 September 1947, the Committee generally agreed that it had reached an impasse. A few Members felt that the subject should be kept in the Committee until further attempts were made at solution. However, by a vote of 7 to 1 (Neth) with France, USSR, and U.S. abstaining, the Committee authorized the Secretary to prepare a report of failure of negotiations for the Commission. This report (FEC-219/25), approved by the Committee by a vote of 9 to 2 (Neth and USSR) included a complete outline of discussions in the Committee, schedules submitted, supporting statements, proposals made and excerpts from the discussions.

20 April 1947

DIVISION OF SHARESSEC-219/7 - BASIC POLICY ON DIVISION OF SHARES

Dates: Introduced 18 April 1947 by U.S.
Adopted 8 May 1947 by vote of 10 in favor
with Australia abstaining

Provisions:

For acts of aggression committed by Japan and for the purpose of equitable reparation of the damage caused by her to the Allied Powers and in the interests of destruction of the Japanese war potential in those industries which could lead to Japan's rearmament for waging war, reparations shall be exacted from Japan through the transfer of such existing Japanese capital equipment and facilities or such Japanese goods as exist or may in future be produced and which under policies set forth by the Far Eastern Commission or pursuant to the Terms of Reference of the Far Eastern Commission should be made available for this purpose. The reparations shall be in such a form as would not endanger the fulfillment of the program of demilitarization of Japan and which would not prejudice the defraying of the cost of occupation and the maintenance of a minimum civilian standard of living. The shares of particular countries in the total sum of the reparations from Japan shall be determined on a broad political basis, taking into due account the scope of material and human destruction and damage suffered by each claimant country as a result of the preparations and execution of Japanese aggression, and taking also into due account each country's

contribution to the cause of the defeat of Japan, including the extent and duration of its resistance to Japanese aggression.

The clauses herein on reparations and reference to this subject are without prejudice to the views of Governments on the overseas assets issue."

Origin of Paper

In February 1947, the U. S. proposal on advance transfers of reparations (FEC-201) reopened the question of division of shares. At this time the Basic Post Surrender policy was still under consideration in the Steering Committee. Paragraph 4 of Part IV contained the above provisions, with the exception of the last sentence and a minor difference in wording. In the course of discussions in Committee No. 1 on submission of national percentage claims (see Section on Cl-219/1) the Soviet Member read from this paragraph pointing out that it provided a general criteria for arriving at percentage shares (83rd Meeting Com. No. 1 on 14 April 1947). On 18 April 1947, the U.S. Member, referring to the remarks of the Soviet Member, proposed that the paragraph on reparations in the Basis Policy be passed as a separate policy (SC-219/2).

Points at Issue

1. The USSR preferred to adopt only the third sentence beginning: "The shares of particular countries, etc."

~~Their preference was~~ based on the grounds that it would provide the necessary criteria for the work of Committee No. 1 and that controversy over the rest of the paragraph should be avoided (61st S. C. Meeting, 22 April 1947). However, there was no strong Soviet objection to the whole paragraph.

2. France, New Zealand, and the U. K., particularly New Zealand, preferred not to adopt the paragraph before approval of the whole Basic-Post Surrender Policy, but made no objection (62nd S. C. Meeting, 29 April 1947).

3. The Australian member of the Steering Committee voted against the paper. On 5 May 1947, the Australian Representative on the Far Eastern Commission stated that his Government believed that the division of reparations shares was beyond both the practical and legal competence of the Far Eastern Commission and should be decided at the Peace Conference. He proposed that a tribunal of three independent and preferable judicial persons be established to investigate relative war contributions and damages. This tribunal would report to the Peace Conference which should be convened at an early date. No other delegations shared the Australian view.

Amendments

FEC-219/7, as adopted by the Commission, consisted of Paragraph 4 of Part IV of the Basic Post-Surrender Policy with the following two amendments added in the Steering Committee:

1. "...under policies set forth by the Far Eastern Commission or pursuant to the Terms of Reference of the Far Eastern Commission." (USSR)
2. Addition of final sentence: "The clauses herein on reparations and reference to this subject are without prejudice to the views of Governments on the overseas assets issue." (U.K.)

Final Action

The final vote was postponed at the 56th FEC Meeting at the request of the Australian Representative, to give members an opportunity to study his statement on division of shares. At the 57th Meeting on 8 May 1947, the paper was approved by a vote of 10 in favor, with the Australian Representative abstaining.

Summary

General agreement on the provisions of this policy had been obtained in discussions of the Basic Post-Surrender Policy. It was felt that advantage should be taken of this

agreement to provide a general criteria for the detailed work of Committee No. 1, even before the passage of the Basic Post-Surrender Policy. The provision for determining shares "on a broad political basis" follows the original U.K. proposal (FEC-075), but specific reference to the scope of damage sustained and contribution to the defeat of Japan is also included. This policy was constantly referred to in discussions of percentage shares but there continued to be differing views as to what consideration should have most weight in determining shares. As is often the case in attempts to reconcile many individual interests, agreement on a statement of principle was possible because the statement was sufficiently general to include divergent views rather than because it modified them. The difficulty in agreeing on actual shares remained.

DIVISION OF SHARES

20 April 1947

FEC-278 - U.S. STATEMENT ON REPARATIONS SHARES

Dates: Introduced 6 November 1947 by U.S.
Pending on FEC agenda

Provisions:

In this statement, the U. S. Representative on the FEC submitted a schedule of percentages for all eleven FEC countries with the announcement that, if the Commission would agree to adopt it, the U. S. would relinquish 18% of the 28% listed for the U.S. to be divided among the other countries as they should decide. The U.S. reserved the right to withdraw its proposal if it were unacceptable to the FEC.

On 14 November 1947, the Australian Representative stated that Australia was prepared to add ^{5 out of} its 8% to the pool of 18% if the Commission would accept the U.S. proposal.

Points at Issue

1. The Soviet Representative stated that the U.S. proposal was unacceptable to his Government and insisted that ^{the Soviet} request for 12% be met. (82nd FEC Mtg, 4 December 1947).

2. The French, Indian and Netherlands Representatives stated that they could not accept the percentages assigned to their countries. They pointed out that these percentages were not only lower than they had requested, but were lower than the average of the percentages proposed for their countries in the official schedules submitted by other delegations. The U.K. Representative

supported the Indian position that its percentage was insufficient.
(Neth, 80th FEC Mtg, 14 November 1947; France, 83rd FEC Mtg,
11 December 1947; India, 84th FEC Mtg, 18 December 1947)

3. The U.K. Representative expressed dissatisfaction with the percentage assigned to the U.K. in the U.S. proposal, and also with the insufficient consideration given, in his Government's view, to Japanese assets in the possession of the various countries in determining their share of reparations from assets in Japan.
(83rd FEC Mtg, 11 December 1947)

4. The Chinese Representative accepted the U.S. proposal with the statement that, in reducing its share from 40% to 30%, China would expect to receive a substantial share of the pool to be created for additional division under the U.S. plan. (83rd FEC Mtg, 11 December 1947). The Philippine Representative also accepted the U.S. proposal with the expressed hope that difference between the 8% assigned to his Government and its claim of 15% would be made up when the pool was distributed. (84th FEC Mtg, 18 December 1947).

5. The U.S. Representative made it clear that the U.S. offer to relinquish 18% was conditional on acceptance of the U.S. proposal, and that the percentages in it were not subject to negotiation. (82nd FEC Mtg, 4 December 1947).

Present Status of Paper

Since 18 December 1947, the U.S. proposal, together with the report of Committee No. 1 on the failure of its negotiations (FEC-219/25),

has been retained on the agenda without discussion. On 25 March, 27 May and 29 July 1948, the Chinese Representative urged countries to review their positions in hopes of reaching a solution. However, no further progress has been made.

Division of SharesOUTLINE OF POSITIONS DURING NEGOTIATIONS OF DIVISION OF SHARES

	<u>Original % Requested</u>	<u>Revised % Requested</u>	<u>Submission Official Schedule of 115's</u>	<u>Factors Stressed as Important in Deciding Shares</u>	<u>Proposals for Resolving Deadlock</u>
Aust	28	3 ⁽¹⁾	No Schedule Submitted	Australian view that FEC not legally competent to decide question of division of shares (56 FEC)	Tribunal of 3 independent and preferably judicial persons to investigate claims and report schedule to Peace Conference (56 FEC)
Can.	1.5	1 ⁽²⁾	27 May 1947 (Group schedule)	"Broad political lines" (75, Com 1)	1. Let FEC or its Chairman devise single schedule for Com. No. 1 to work on. (118, Com 1) 2. Refer averages of all schedules back to Gov'ts with request for broader powers of negotiation (124, Com 1)
China	40	30 ⁽²⁾	11 July 1947 (Group schedule)	"Broad political basis" meaning factors mentioned in third sentence of FEC-219/7 (57 FEC)	Refer matter to "some impartial person" (76 FEC)
France	12	No Revision	9 June 1947	Degree of need for reconstruction in areas damaged (117, Com 1)	1. Assign percentages by groups, according to extent of basis of claims, leaving countries in each group to work out shares. (93, Com 1) 2. Halving requested percentages (124, Com 1)

21 April 1949

OUTLINE OF POSITIONS DURING NEGOTIATIONS OF DIVISION OF SHARES

Division Schedule 114's	Factors Stressed as Important in Deciding Shares	Proposals for Resolving Deadlock	Attitude Toward U.S. Proposal (FEC-278)
No Schedule 114's	Australian view that FEC not legally competent to decide question of division of shares (56 FEC)	Tribunal of 3 independent and preferably judicial persons to investigate claims and report schedule to Peace Conference (56 FEC)	Accepted. Offered to return 5 out of 8% listed for Australia to pool (80 FEC)
114's (115)	"Broad political lines" (75, Com 1)	1. Let FEC or its Chairman devise single schedule for Com. No. 1 to work on. (118, Com 1) 2. Refer averages of all schedules back to Gov'ts with request for broader powers of negotiation (124, Com 1)	Accepted (82 FEC)
114's (116)	"Broad political basis" meaning factors mentioned in third sentence of FEC-219/7 (57 FEC)	Refer matter to "some im- partial person" (76 FEC)	Accepted. In agree- ing to share of 30% China expected a substantial part of pool in final dis- tribution (83 FEC)
114's (117)	Degree of need for reconstruc- tion in areas damaged (117, Com 1)	1. Assign percentages by groups, according to ex- tent of basis of claims, leaving countries in each group to work out shares. (93, Com 1) 2. Halving requested per- centages (124, Com 1)	2% for France unacceptable (83 FEC)

Division of Shares

OUTLINE OF POSITIONS DURING NEGOTIATIONS OF DIVISION OF SHARES
(Continued)

	<u>Original % Requested</u>	<u>Revised % Requested</u>	<u>Submission Official Schedule of 11%'s</u>	<u>Factors Stressed as Important in Deciding Shares</u>	<u>Proposals for Resolving Dead</u>
India	18	12.5 (119, Com 1)	30 July 1947	1. Statistical basis for claims should be given 2. Effect of war burden on low standards of living (92, Com 1) 3. Allocation on basis of need (84 FEC)	Refer all official back to Gov'ts with for broader powers tiation (124, Com 2)
Neth	15	12 (115, Com 1) "would consider 6.8" (80 FEC)	25 June 1947	1. Use of statistics (71, Com 1) 2. War damage should be given consideration over contribution to defeat of Japan (92, Com 1)	
N.Z.	2	1 ⁽²⁾	20 Aug 1947	Need to reconstruct devastated areas in reviving Far East economy (81 FEC)	Decide by Committee each country's % figure between that requested and the amount allotted in all of schedules except 1 (117, Com 1)
Phil.	15	8 ⁽²⁾	9 June 1947	1. Degree of direct damage (57, FEC) 2. Need for equipment (78 FEC)	

21 April 1949

POSITIONS DURING NEGOTIATIONS OF DIVISION OF SHARES
(Continued)

Factors Stressed as Important in Deciding Shares	Proposals for Resolving Deadlock	Attitude Toward U. S. Proposal (FEC-278)
1. Statistical basis for claims should be given 2. Effect of war burden on low standards of living (92, Com 1) 3. Allocation on basis of need (84 FEC)	Refer all official schedules back to Gov'ts with request for broader powers of negotiation (124, Com 1)	4% for India unacceptable (84 FEC)
1. Use of statistics (71, Com 1) 2. War damage should be given consideration over contribution to defeat of Japan (92, Com 1)		4% unacceptable. Suggested reducing U.S. share from 28% to 22.5%, adding 2.5 to Neth and 3% between France & India (80 FEC)
Need to reconstruct devastated areas in reviving Far East economy (81 FEC)	Decide by Committee vote each country's % at a figure between that requested and the average allotted in all official schedules except its own (117, Com 1)	Accepted. Regretted that U.S. schedule was not closer to averages of other schedules (81 FEC)
1. Degree of direct damage (57, FEC) 2. Need for equipment (78 FEC)		Accepted. Hoped balance of Phil. claim would be duly considered in redistributing pool (84 FEC)

Division of Shares

OUTLINE OF POSITIONS DURING NEGOTIATIONS OF DIVISION OF SHARES
(Continued)

	<u>Original % Requested</u>	<u>Revised % Requested</u>	<u>Submission Official Schedule of 11%'s</u>	<u>Factors Stressed as Important in Deciding Shares</u>	<u>Proposals for Resolving Deadlock</u>
USSR	14	12 (120, Com 1)	27 May 1947	1. Indirect damage 2. Contribution to defeat of Japan (96, Com 1)	1. Adoption of Soviet schedule as basis for negotiation (117, Com 1) 2. Request Gov'ts to consider and reduce their requested %'s (124, Com 1)
U.K.	25	No Revision	7 July 1947	1. "Broad political" rather than statistical approach (FEC-075) 2. Damage to U.K. dependent territories (111, Com 1) 3. Consideration of Japanese external assets held by various countries	
U.S.	34	10 ⁽³⁾	29 May 1947	1. Contribution to defeat of Japan (93, Com 1) 2. Consideration of statistical data available (30 and 93, Com 1)	1. Use of averages to obtain single schedule (99, Com 1) 2. Adoption of U.S. schedule as basis for negotiation (117, Com 1)

- (1) Based on acceptance of FEC-278, and offer to return to pool 5 out of 8% listed for Austria.
- (2) Based on acceptance of FEC-278. Since these countries might be expected to request a share pool under the U.S. plan, this figure does not indicate the final percentage they expect.
- (3) Based on U.S. offer to return 18 out of 28% listed for U.S. in FEC-278.

21 April 1949

CONDITIONS DURING NEGOTIATIONS OF DIVISION OF SHARES
(Continued)

Factors Stressed as Important in Deciding Shares	Proposals for Resolving Deadlock	Attitude Toward U. S. Proposal (FEC-278)
Indirect damage Contribution to defeat of Japan (96, Com 1)	1. Adoption of Soviet schedule as basis for negotiation (117, Com 1) 2. Request Gov'ts to reconsider and reduce their requested %'s (124, Com 1)	Unacceptable (82 FEC)
1. "Broad political" rather than statistical approach (98-075) 2. Damage to U.K. dependent territories (111, Com 1) 3. Consideration of Japanese external assets held by various countries	1. Use of averages to obtain single schedule (99, Com 1) 2. Adoption of U.S. schedule as basis for negotiation (117, Com 1)	1. Share assigned to U.K. inadequate in view of U.K. responsibility for Burma 2. Proposal does not take proper account of holdings of external assets (83 FEC)
1. Contribution to defeat of Japan (93, Com 1) 2. Consideration of statistical data available (90 and 93, Com 1)	1. Use of averages to obtain single schedule (99, Com 1) 2. Adoption of U.S. schedule as basis for negotiation (117, Com 1)	(3. FEC-278.)

and offer to return to pool 5 out of 8% listed for Australia in FEC-278. Since these countries might be expected to request a share of the remaining does not indicate the final percentage they expect to receive. of 28% listed for U.S. in FEC-278.

*Statement by Indian
Delegate 18 Dec. 47
84th Rec Mtg*

MR. CHAIRMAN I have been directed by the Ambassador, who regrets his unavoidable absence, to read out to the Commission his observations on the subject of reparations. The following is his statement. I quote:

"I desire to express my Government's appreciation of the spirit which has actuated the U.S. Government to present the paper FEC-278, for solving the complex question of reparations. This issue has received varying degrees of consideration in the Commission and its Working Committee. It was a matter of deep concern to my Government that after months of earnest and prolonged deliberation the Working Committee was not able to arrive at a formula acceptable to all. Indeed, so great was the divergence of views that no agreement could be reached regarding the procedure which should govern the division of available assets. Various factors appear to have contributed to this unhappy result, but perhaps the Basic Policy paper, being susceptible of different interpretations, was partially responsible. For example that paper contains the following - 'The shares of particular countries in the total sum of the reparations from Japan shall be determined on a broad political basis, taking into due account the scope of material and human destruction and damage suffered by each claimant country as a result of the preparation and execution of Japanese aggression, and taking also into due account each country's contribution to the cause of defeat of Japan, including the extent and duration of its resistance to Japanese aggression'. As has been pointed out by the Netherlands representative, the criterion laid down being vague, each claimant country has placed the greatest stress on the special part played by it in the defeat of Japan. Accordingly, each country has put forward its claim on the basis of war damage, war effort, or need, etc., with the result that no accepted yardstick could be applied to the determination of every country's claim. It was for this reason that the Government of India did not feel very enthusiastic over this formula.

- 2 -

The United States' proposal has provided a fresh approach, and deserves to be welcomed for the healthy principle of surrendering allottable shares for those whose need warrants a higher allotment. It is unfortunate that while a number of Governments have accepted the principle of the plan, at least one Government has found it unacceptable. You, MR. CHAIRMAN, have made it clear that your Government will not consider any proposal for the modification of this plan. If that position endures, I am afraid the voting procedure of this Commission may render the success of this plan highly problematic.

However, undeterred by the possibility of infructuousness, I must attempt to outline my Government's attitude. Speaking off the record by your courtesy at the last meeting, Mr. Bhaba, the Commerce Minister of India, hinted that the question of reparations should not follow lex talonis, but should be considered in accordance with the actual damage suffered. My Government feels that India is entitled to a fair share of reparations, because she has sustained considerable damage and wanton loss of material assets and human lives. You are not unaware of the immense sacrifices made by India to help the cause of democracies. Details have often been repeated before the Commission, and they will be recapitulated and amplified on the appropriate occasion. My Government thinks that a country's war effort should be judged not so much with reference to the budgetary cost as to the totality of goods and services mobilized by her for common war effort. In assessing a country's contribution one should not lose sight of the fact that the burden presses far more severely on countries with depressed standard of living --as in the case of my own country --than on countries more fortunately placed. I need not remind you, Sir, of the colossal toll of lives during the Bengal famine which was one of the most heart-rending results of World War II in India. It will be apparent from what I have stated that my country deserves to receive a substantial share of reparations. My Government

- 3 -

has carefully considered the percentage allotted to India in the U.S. plan, namely 4%, and regards it too low to be acceptable. As has been pointed out by the Netherlands representative this percentage is lower than the average allotted to her by other countries. I do not know the reasons for fixing a percentage of India's share in the United States' plan at a figure which is lower than any allotted to her by other countries. Judging by the assessment of India's share by all the others --excepting the United States, it should have been higher than in the United States' plan. However, in order to help bring the plan within easier range of general agreement, I suggest that the shares of India, Netherlands and France, if fixed at the average allowed them by other countries, will bring the plan within the possibility of acceptance. I may add that my country would be prepared to accept any fair allocation, agreed upon by other member countries. I may go further and say that if my country can contribute to an agreement being reached by reducing her own claim of 12.5% she would not be found wanting.

In conclusion I must emphasize the need for a speedy solution of this question for obvious reasons, otherwise delay is liable to defeat the very purpose of reparations."

Dec-278 6 Nov 47 ^{5 out of 8}
13 Nov Aug E. North accept
12 20 Nov

Papers on

U.S. foreign

part of reparations

4 Dec Can Chin, USSR
11 Dec Chin U.K. France
18 Dec India, Phil

STATEMENT OF H. E. GENERAL CARLOS P. ROMULO,
PHILIPPINE REPRESENTATIVE ON THE FAR EASTERN COMMISSION

18 December 1947

Washington, D. C.

Mr. Chairman:

I am happy to be able to inform this Commission that the Government of the Republic of the Philippines accepts the United States proposal relative to the distribution of reparations, contained in FEC-278. My government accepts not because it considers the proposal fully satisfactory from the Philippine viewpoint but because it feels that the schedule of percentages contained therein, represents a reasonable compromise which could properly effect a settlement of this problem which has been vexing this Commission for the past year. We believe that the time is long past due when all the nations represented around this table should get together in a spirit of understanding, and with more sympathetic regard of one another's interests, sacrifice a part of each of their claims to attain agreement.

The percentage claimed by my Government before this Commission as its justified share from the total industrial assets made available for reparations within Japan was 15%. This figure was arrived at after very careful consideration of all factors and conditions embraced within the criteria embodied in FEC-219/7, as we interpreted the intent and spirit of that document. It was determined on broad political basis taking into due account the destruction suffered by us as a result of Japanese aggression and the contribution of the Philippines to the defeat of Japan.

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It is perhaps needless for me to dwell at this time on the role played by the Philippines in the war against Japan. The whole world can not so soon forget those dark days following the sneak attack on Pearl Harbor, when the only bright spots of the Pacific war were Bataan and Corregidor. As all would still remember, the heroic and valiant defense put up by the Filipinos side by side with American soldiers under the command of General MacArthur put the first halt on the hitherto unhampered advance of the Japanese aggressors. Fighting against terrible odds in number and equipment, our forces displayed courage, bravery and determination to fight for the Allied cause seldom equalled. Due to their tenacious stand and the losses they inflicted on the enemy, the Allied command had the time and opportunity to organize the defense of Australia and to lay the foundation for the subsequent operations against Japan.

The contribution of the Filipinos to the allied cause did not cease with the initial defeat of our arms. During the Japanese occupation, the Filipinos continued the fight through extensive underground activities so effectively that a large section of the Japanese forces, war supplies and equipment had to be kept in the Philippines, which otherwise could have been used in other areas. Also, through this underground movement, vital information was supplied to the Allied Armies for the effective counter attacks to check the enemy's drive. Lastly, Filipino guerrillas rendered incalculable assistance in the final drive for the expulsion of the Japanese from Philippine territory and in the push toward the Japanese mainland.

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The invasion by the Japanese, the occupation and the final battle of liberation have caused untold losses to the Philippines in human lives and property. Thousands and thousands of Filipino soldiers and guerrillas have died in the battlefields and prison camps. Innocent civilians including women and children were killed by Japanese soldiers and military police. Many more died of starvation and disease directly caused by the occupation. Public and private properties have been destroyed or looted. Stocks of serviceable goods which were available before the war were confiscated. Public facilities have been stripped, damaged from misuse or destroyed. Natural resources have been depleted. The value of our physical losses is so great that it cannot be compensated for by what we can expect from Japan, even with the 15% share that we claimed. The occupation of the whole country has moreover so affected the entire life of the people as to cause a great deterioration of the morale and spirit of the whole population from which we will suffer for many years to come. The dislocation and paralyzation of the nation's economy were so complete that almost all productive capacity was wiped out and a new start had to be made after the war.

The Philippines is a small country and at best its recuperative powers are very limited. The damage and destruction of everything that she had before the war should be measured not only by their intrinsic value but by the fact that they represent the entire possession of the Filipino people. The proportion of the losses suffered to the whole national wealth of the country is so staggering that rehabilitation would not be

- 4 -

possible without a maximum of assistance from outside sources, the most notable and logical of which is reparations payments from the cause of all the sufferings - Japan.

The Philippines therefore expects from the other countries represented around this table a sympathetic consideration of her justified claims as I have laid now before you. We accept the 8% allotted to us in the United States schedule in the spirit of amity and understanding and in the hope that in the redistribution of the pool to be created by reversions so magnanimously offered by the US and Australia, the balance of 7% of our claim will be duly considered and the largest measure of recognition accorded to our needs and just deserts.

On several occasions before, I had the liberty of urging speedy action on the reparations problem upon this Commission. I desire to reiterate this plea now. The United States and Australia have shown us examples of how self-interest can give way to the desire for the common good, which we may very well emulate in dealing with reparations from Japan. Let us get the equipment transferred to the claimant countries as fast as possible before they become completely deteriorated and useless or our need for them becomes less and less urgent. Let us get them into productive use as soon as possible, and in this manner contribute to the rehabilitation of the devastated countries and the whole world.

Romulo

Division of SharesOUTLINE OF POSITION DURING NEGOTIATIONS OF DIVISION OF SHARES

	<u>Original % Requested</u>	<u>Revised % Requested</u>	<u>Submission Official Schedule of 115's</u>	<u>Factors Stressed as Important in Deciding Shares</u>	<u>Proposals for Resolving Deadlock</u>
Aust	28	3 ⁽¹⁾	No Schedule Submitted	Australian view that FEC not legally competent to decide question of division of shares (56 FEC)	Tribunal of 3 independent and preferably judicial persons to investigate claims and report schedule to Peace Conference (56 FEC)
Can.	1.5	1 ⁽²⁾	27 May 1947 (Group schedule)	"Broad political lines" (75, Com 1)	1. Let FEC or its Chairman devise single schedule for Com. No. 1 to work on. (118, Com 1) 2. Refer averages of all schedules back to Gov'ts with request for broader powers of negotiation (124, Com 1)
China	40	30 ⁽²⁾	11 July 1947 (Group schedule)	"Broad political basis" meaning factors mentioned in third sentence of FEC-219/7 (57 FEC)	Refer matter to "some impartial person" (76 FEC)
France	12	No Revision	9 June 1947	Degree of need for reconstruction in areas damaged (117, Com 1)	1. Assign percentages by groups, according to extent of basis of claims, leaving countries in each group to work out shares. (93, Com 1) 2. Halving requested percentages (124, Com 1)

21 April 1949

RECORD OF PROPOSITIONS DURING NEGOTIATIONS OF DIVISION OF SHARES

<u>Factors Stressed as Important in Deciding Shares</u>	<u>Proposals for Resolving Deadlock</u>	<u>Attitude Toward U.S. Proposal (FEC-278)</u>
Australian view that FEC not legally competent to decide question of division of shares (56 FEC)	Tribunal of 3 independent and preferably judicial persons to investigate claims and report schedule to Peace Conference (56 FEC)	Accepted. Offered to return 5 out of 8% listed for Australia to pool (80 FEC)
"Broad political lines" (75, Com 1)	1. Let FEC or its Chairman devise single schedule for Com. No. 1 to work on. (118, Com 1) 2. Refer averages of all schedules back to Gov'ts with request for broader powers of negotiation (124, Com 1)	Accepted (82 FEC)
"Broad political basis" meaning factors mentioned in third sentence of FEC-219/7 (57 FEC)	Refer matter to "some impartial person" (76 FEC)	Accepted. In agreeing to share of 30% China expected a substantial part of pool in final distribution (83 FEC)
Degree of need for reconstruction in areas damaged (117, Com 1)	1. Assign percentages by groups, according to extent of basis of claims, leaving countries in each group to work out shares. (93, Com 1) 2. Halving requested percentages (124, Com 1)	2% for France unacceptable (83 FEC)

Division of Shares

OUTLINE OF POSITIONS DURING NEGOTIATIONS OF DIVISION OF SHARES
(Continued)

	<u>Original % Requested</u>	<u>Revised % Requested</u>	<u>Submission Official Schedule of 115's</u>	<u>Factors Stressed as Important in Deciding Shares</u>	<u>Proposals for Resolving Deadlock</u>
India	18	12.5 (119, Com 1)	30 July 1947	1. Statistical basis for claims should be given 2. Effect of war burden on low standards of living (92, Com 1) 3. Allocation on basis of need (84 FEC)	Refer all official schedules back to Gov'ts with request for broader powers of participation (124, Com 1)
Neth	15	12 (115, Com 1) "would consider 6.8" (80 FEC)	25 June 1947	1. Use of statistics (71, Com 1) 2. War damage should be given consideration over contribution to defeat of Japan (92, Com 1)	
N.Z.	2	1 ⁽²⁾	20 Aug 1947	Need to reconstruct devastated areas in reviving Far East economy (81 FEC)	Decide by Committee with each country's % at a figure between that requested and the average allotted in all official schedules except its own (117, Com 1)
Phil.	15	8 ⁽²⁾	9 June 1947	1. Degree of direct damage (57, FEC) 2. Need for equipment (78 FEC)	

21 April 1949

OF POSITIONS DURING NEGOTIATIONS OF DIVISION OF SHARES
(Continued)

<u>Factors Stressed as Important in Deciding Shares</u>	<u>Proposals for Resolving Deadlock</u>	<u>Attitude Toward U. S. Proposal (FEC-278)</u>
<p>1. Statistical basis for claims should be given</p> <p>2. Effect of war burden on low standards of living (92, Com 1)</p> <p>3. Allocation on basis of need (84 FEC)</p>	<p>Refer all official schedules back to Gov'ts with request for broader powers of negotiation (124, Com 1)</p>	<p>4% for India unacceptable (84 FEC)</p>
<p>1. Use of statistics (71, Com 1)</p> <p>2. War damage should be given consideration over contribution to defeat of Japan (92, Com 1)</p>		<p>4% unacceptable. Suggested reducing U.S. share from 28% to 22.5%, adding 2.5 to Neth and 3% between France & India (80 FEC)</p>
<p>Need to reconstruct devastated areas in reviving Far East economy (81 FEC)</p>	<p>Decide by Committee vote each country's % at a figure between that requested and the average allotted in all official schedules except its own (117, Com 1)</p>	<p>Accepted. Regretted that U.S. schedule was not closer to averages of other schedules (81 FEC)</p>
<p>1. Degree of direct damage (87, FEC)</p> <p>2. Need for equipment (78 FEC)</p>		<p>Accepted. Hoped balance of Phil. claim would be duly considered in redistributing pool (84 FEC)</p>

Division of Shares

OUTLINE OF POSITIONS DURING NEGOTIATIONS OF DIVISION OF SHARES
(Continued)

	<u>Original %</u> <u>Requested</u>	<u>Revised %</u> <u>Requested</u>	<u>Submission Official Schedule of 11%'s</u>	<u>Factors Stressed as Important in Deciding Shares</u>	<u>Proposals for Resolving Deadlo</u>
USSR	14	12 (120, Com 1)	27 May 1947	1. Indirect damage 2. Contribution to defeat of Japan (96, Com 1)	1. Adoption of Soviet schedule as basis for negotiation (117, Com 1) 2. Request Gov'ts to consider and reduce the requested %'s (124)
U.K.	25	No Revision	7 July 1947	1. "Broad political" rather than statistical approach (FEC-075) 2. Damage to U.K. dependent territories (111, Com 1) 3. Consideration of Japanese external assets held by various countries	
U.S.	34	10 ⁽³⁾	29 May 1947	1. Contribution to defeat of Japan (93, Com 1) 2. Consideration of statistical data available (30 and 93, Com 1)	1. Use of averages to obtain single schedule (99, Com 1) 2. Adoption of U.S. schedule as basis for negotiation (117, Com 1)

- (1) Based on acceptance of FEC-278, and offer to return to pool 5 out of 8% listed for Austria
(2) Based on acceptance of FEC-278. Since these countries might be expected to request a share
pool under the U.S. plan, this figure does not indicate the final percentage they expect
(3) Based on U.S. offer to return 18 out of 28% listed for U.S. in FEC-278.

21 April 1949

STATE OF POSITIONS DURING NEGOTIATIONS OF DIVISION OF SHARES
(Continued)

Division Schedule No.	Factors Stressed as Important in Deciding Shares	Proposals for Resolving Deadlock	Attitude Toward U. S. Proposal (FEC-278)
104	1. Indirect damage 2. Contribution to defeat of Japan (96, Com 1)	1. Adoption of Soviet schedule as basis for nego- tiation (117, Com 1) 2. Request Gov'ts to recon- sider and reduce their requested %'s (124, Com 1)	Unacceptable (82 FEC)
105	1. "Broad political" rather than statistical approach (FEC-075) 2. Damage to U.K. dependent territories (111, Com 1) 3. Consideration of Japanese external assets held by various countries		1. Share assigned to U.K. inadequate in view of U.K. responsibility for Burma 2. Proposal does not take proper account of hold- ings of external assets (83 FEC)
106	1. Contribution to defeat of Japan (93, Com 1) 2. Consideration of statistical data available (30 and 93, Com 1)	1. Use of averages to obtain single schedule (99, Com 1) 2. Adoption of U.S. schedule as basis for negotiation (117, Com 1)	(3. FEC-278)

and offer to return to pool 5 out of 8% listed for Australia in FEC-278.

Since these countries might be expected to request a share of the remaining
figure does not indicate the final percentage they expect to receive.

out of 28% listed for U.S. in FEC-278.

21
~~SEC~~-219RESTRICTEDC1
~~SEC~~-21914 April 1947FAR EASTERN COMMISSIONCOMMITTEE NO. 1: REPARATIONSDIVISION OF REPARATIONS SHARES

(Reference: Minutes of 80th Meeting
Committee No. 1, 53rd Meeting of the Far
Eastern Commission)

Note by the Secretary General

1. Enclosure "A", a proposal by the Soviet member of Committee No. 1 on the submission of percentages for shares of reparations from Japan, submitted at the 80th meeting of Committee No. 1 on 8 April 1947, is circulated herewith for the consideration of COMMITTEE NO. 1: REPARATIONS.

2. Enclosure "B", an amended version of the Soviet proposal referred to in paragraph 1 above, submitted by the United States member of Committee No. 1 at the 80th meeting of the Committee on 8 April 1947, is circulated herewith for the consideration of COMMITTEE NO. 1: REPARATIONS.

NELSON T. JOHNSON
Secretary General

C1-
~~SEC~~-219

RESTRICTED

ENCLOSURE "A"

SOVIET PROPOSAL ON SUBMISSION OF PERCENTAGES FOR SHARES
OF REPARATIONS FROM JAPAN

Each country shall submit within ten days the percentage share of reparations, determined on broad political lines, which it desires to received from assets within Japan.

RESTRICTEDENCLOSURE "B"AMENDED VERSION OF THE SOVIET PROPOSAL ON SUBMISSION
OF PERCENTAGES FOR SHARES OF REPARATIONS FROM JAPAN, PROPOSED
BY THE UNITED STATES MEMBER

Each country represented on Committee No. 1 should submit within ten days the percentage share of reparations, determined on broad political lines which it desires to receive from assets within Japan, and in addition each member who is willing to do so should submit percentages for all other countries, provided that the percentages submitted have the support of either his Government or the head of his Government's Far Eastern Commission delegation.

SC-022/12RESTRICTEDSC-022/1217 March 1947FAR EASTERN COMMISSIONREPORT OF SPECIAL SUBCOMMITTEE ON
BASIC POLICY
(References: SC-022/9, /10, /11)Note by the Secretary General

1. The enclosure, a report by the Special Subcommittee on Basic Policy, is forwarded herewith for the consideration of the STEERING COMMITTEE.
2. The Steering Committee at its fifty-fifth meeting, 11 March 1947, referred the relevant documents (SC-022/9, /10, /11) to the Special Subcommittee for consideration and report at the next meeting of the Steering Committee.
3. In making the enclosed report members of the Subcommittee acted in a personal capacity without reference to their Governments.

NELSON T. JOHNSON
Secretary General

SC-022/12

RESTRICTED

ENCLOSUREREPORT OF THE SPECIAL SUBCOMMITTEE ON
BASIC POLICY

1. Page 3 of SC-022/9, after second sub-paragraph of paragraph 2.

The Special Subcommittee reached no agreement concerning the proposed Soviet amendment (SC-022/11, paragraph 1).

2. Page 5, fifth line from bottom.

The Subcommittee approved the Soviet amendment proposing that this line read as follows:

"the principles laid down by the Far Eastern Commission or pursuant to the Terms of Reference."

3. Page 7, sub-paragraph c. at top of page.

The Subcommittee approved the Soviet amendment proposing that this sub-paragraph read as follows:

c. To meet the requirements for reparations deliveries." "agreed-upon-pursuant-to-the-Terms-of-Reference-of-the-Far-Eastern-Commission."

4. Page 7, paragraph 4, "Reparations", lines 5 to 11.

The Subcommittee rejected the Soviet proposal (SC-022/11, paragraph 4).

The United States member proposed that lines 9 and 10 read as follows:

"which under policies set forth by the Far Eastern Commission or pursuant to the Terms of Reference of the Far Eastern Commission should be made ..."

The Australian member proposed lines 5 to 11 be amended as follows:

reparations shall be exacted from Japan through the transfer of

- (a) such existing Japanese capital equipment and facilities or
- (b) such Japanese goods as exist or may in future be produced,

as shall be made available for this purpose."

The Subcommittee agreed that these alternatives should be submitted to Governments.

5. Page 7, paragraph 4, "Reparations", 14th line.

The Subcommittee approved the Soviet amendment proposing that this line read as follows:

"prejudice the-priority-to-be-accorded-to-the-de-fraying-of ..."

6. Page 8, third sub-paragraph of paragraph 6.

The Subcommittee recommended withdrawal of this sub-paragraph.

SC-023

8 July 1946

FAR EASTERN COMMISSION

DIVISION OF JAPANESE REPARATIONS

Note by the Secretary General

The enclosure, a United Kingdom proposal relative to a plan for the division of Japanese reparations among claimant countries on broad political lines, referred to COMMITTEE NO. 1: REPARATIONS has been approved by the Committee in principle and is forwarded herewith for the consideration of the STEERING COMMITTEE.

The United States, Soviet and Chinese members voted against the motion that the paper should be transmitted to the Far Eastern Commission for consideration.

NELSON T. JOHNSON
Secretary General

SC-023

ENCLOSUREDIVISION OF JAPANESE REPARATIONS

The United Kingdom Delegate to the Far Eastern Commission proposes that the Commission now devise a plan for the division of Japanese reparations among claimant countries on broad political lines. In making this proposal His Majesty's Government in the United Kingdom do not seek to dissuade member states from presenting statistical evidence in support of their claims, but they feel that it will be difficult to compile claims on a comparable basis. In the view of His Majesty's Government each Delegate to the Commission should be at liberty to present whatever evidence he wishes, whether statistical or other, in support of his country's claim, but they believe that such evidence can only avail to illustrate the importance of particular factors in each claim.

This division should necessarily take account of Japanese assets outside Japan.

SC 023/1

9 July 1946

FAR EASTERN COMMISSION

DIVISION OF JAPANESE REPARATIONS

(Reference: FEC 075; FEC 075/1; SC 023)

Note by the Secretary General

The Steering Committee, at its twentieth meeting, 9 July 1946, referred SC 023, Division of Japanese Reparations, to COMMITTEE NO. 1: REPARATIONS for consideration.

NELSON T. JOHNSON
Secretary General

SC 023/1

FEC-075

1 July 1946

FAR EASTERN COMMISSION

DIVISION OF JAPANESE REPARATIONS

Note by the Secretary General

The enclosure, a United Kingdom proposal relative to a plan for the division of Japanese reparations among claimant countries on broad political lines, submitted by the United Kingdom Representative, is circulated herewith for the consideration of the Far Eastern Commission.

NELSON T. JOHNSON
Secretary General

FEC-075

E N C L O S U R EDIVISION OF JAPANESE REPARATIONS

The United Kingdom Delegate to the Far Eastern Commission proposes that the Commission now devise a plan for the division of Japanese reparations among claimant countries on broad political lines. In making this proposal His Majesty's Government in the United Kingdom do not seek to dissuade member states from presenting statistical evidence in support of their claims, but they feel that it will be difficult to compile claims on a comparable basis. In the view of His Majesty's Government each Delegate to the Commission should be at liberty to present whatever evidence he wishes, whether statistical or other, in support of his country's claim, but they believe that such evidence can only avail to illustrate the importance of particular factors in each claim.

This division should necessarily take account of Japanese assets outside Japan.

FEC-075/1

3 July 1946

FAR EASTERN COMMISSION

DIVISION OF JAPANESE REPARATIONS

Note by the Secretary General

At its eighteenth meeting, 2 July 1946 the Far Eastern Commission unanimously agreed to refer FEC-075 - Division of Japanese Reparations, to COMMITTEE NO. 1: REPARATIONS for consideration.

NELSON T. JOHNSON
Secretary General

FEC-075/1

FEC-075/2

10 July 1946

FAR EASTERN COMMISSION

DIVISION OF JAPANESE REPARATIONS

Note by the Secretary General

1. In response to a written request from the United Kingdom Representative, FEC-075, Division of Japanese Reparations, has been placed on the Agenda of the nineteenth meeting of the Far Eastern Commission, in order to allow the United Kingdom Representative to make a statement.

2. The Steering Committee, at its twentieth meeting, 9 July 1946, referred this proposal to COMMITTEE NO. 1: REPARATIONS for consideration.

NELSTON T. JOHNSON
Secretary General

FEC-075/2

FEC-075/3

12 July 1946

FAR EASTERN COMMISSION

DIVISION OF JAPANESE REPARATIONS
(Reference: FEC-075; SC-023 Series)

Note by the Secretary General

The Far Eastern Commission, at its nineteenth meeting, 11 July 1946, considered FEC-075/2, Division of Japanese Reparations, and directed Committee No. 1 to commence the preparation of a plan for the division of Japanese reparations in the light of the discussion at the meeting.

NELSON T. JOHNSON
Secretary General

FEC-075/3

CI-219/1RESTRICTEDCI-219/116 Apr '1 1947FAR EASTERN COMMISSIONCOMMITTEE NO. 1: REPARATIONSDIVISION OF REPARATIONS SHARES: SUBMISSION OF
PERCENTAGES FOR REPARATIONS SHARES OF INDUSTRIAL
ASSETS WITHIN JAPAN

(References: CI-219; Minutes 83rd Mtg. Committee
No. 1)

Note by the Secretary General

The following conclusions regarding submission by Far Eastern Commission member countries of percentages for reparations shares of industrial assets within Japan were unanimously approved at the 83rd meeting of Committee No. 1: Reparations on 14 April 1947.

1. Each country represented on the FEC should submit within fourteen days the percentage share of reparations, determined on broad political lines, which it desires to receive from industrial assets within Japan declared available for reparations.

2. In addition each member who is willing to do so should submit conclusions that would facilitate the establishment by the FEC of reparations percentage shares for other member countries, provided that the conclusions submitted have the tentative support of either his Government or the head of his Government's Far Eastern Commission delegation.

NILSON T. JOHNSON
Secretary General

CI-219/1

SC-219/2RESTRICTEDSC-219/218 April 1947FAR EASTERN COMMISSION

DIVISION OF REPARATIONS SHARES: RECOMMENDATION TO THE
STEERING COMMITTEE BY COMMITTEE NO. 1: REPARATIONS
(References: SC-022/9; Minutes, 85th meeting of Com-
mittee No. 1)

Note by the Secretary General

1. Enclosure "A", a recommendation relative to the sub-paragraph on reparations in paragraph 4, part IV, of SC-022/9 Basic Post-Surrender Policy for Japan, unanimously approved by Committee No. 1 at its 85th meeting on 18 April 1947, is circulated herewith for the consideration of the STEERING COMMITTEE.

2. Enclosure "B" consists of the sub-paragraph on reparations in paragraph 4, part IV, of SC-022/9 referred to in paragraph 1 above.

NELSON T. JOHNSON
Secretary General

SC-219/2

RESTRICTEDENCLOSURE "A"DIVISION OF REPARATIONS SHARES: RECOMMENDATION TO THE STEERING COMMITTEE BY COMMITTEE NO. 1: REPARATIONS

At its 85th meeting on 18 April 1947 Committee No. 1 unanimously approved the following proposal:

That it be recommended to the Steering Committee that the sub-paragraph on reparations in SC-022/9 (part IV, paragraph 4, page 7) be forwarded to the Far Eastern Commission for adoption as a policy paper at its next meeting.

ENCLOSURE "B"SUB-PARAGRAPH ON REPARATIONS OF ~~PARAGRAPH~~ ^{PART} 4, PARAGRAPH IV, OF SC-022/9

The following is the sub-paragraph on reparations from paragraph 4, part IV, of SC-022/9, Basic Post-Surrender Policy in Japan, referred to in Enclosure "A" of this document.

4. Reparations and RestitutionReparations

For acts of aggression committed by Japan and for the purpose of equitable reparation of the damage caused by her to the Allied Powers and in the interests of destruction of the Japanese war potential in those industries which could lead to Japan's rearmament for waging war, reparations shall be exacted from Japan through the transfer of such existing Japanese capital equipment and facilities or such Japanese goods as exist or may in future be produced and which under policies set forth pursuant to the Terms of Reference of the Far Eastern Commission should be made available for this purpose. The reparations shall be in such a form as would not endanger the fulfillment of the program of demilitarization of Japan and which would not prejudice the priority to be accorded to the defraying of the cost of occupation and the maintenance of a minimum civilian standard of living. The shares of particular countries in the total sum of the reparations from Japan shall be determined on a broad political basis, taking into due account the scope of material and human destruction and damage suffered by each claimant country as a result of the preparations and execution of Japanese aggression, and taking also into due account each country's contribution to the cause of the defeat of Japan, including the extent and duration of its resistance to Japanese aggression.

RESTRICTED

by 28 April a reparations percentage share for itself. His Government earnestly hoped, he said, that as many Governments or heads of missions as possible would at the same time present maximum information on their conclusions in regard to division of reparations shares as a whole so that discussions could at that time proceed without any further delay occasioned by insufficient information or insufficient agreement on the premises of discussion.

The proposal which he was about to make, he said, stemmed from the remarks of the Soviet member at an earlier meeting of the Committee in the course of which he read from SC-022/9, Basic Post-Surrender Policy for Japan. This text, he said, was agreed to informally by a Subcommittee composed of members of the Steering Committee and, tacitly, by the Steering Committee itself. In the portion read by the Soviet member (Sub-paragraph on reparations of paragraph 4 of Part IV, page 7), the general criteria for arriving at national percentage shares of Japanese reparations had been worked out. He said he believed it could be said that in the work of both the Steering Committee and its Basic Policy Subcommittee on this subject, at least as much attention had been given to this paragraph on reparations as to any other part of the document. It seemed to his Government, he said, that it would be unfortunate if it did not capitalize on this painstaking work. The U. S. member then read the paragraph referred to, which follows:

For acts of aggression committed by Japan and for the purpose of equitable reparation of the damage caused by her to the Allied Powers and in the interests of destruction of the Japanese war potential in those industries which could lead to Japan's rearmament for waging war, reparations shall be exacted from Japan through the transfer of such existing Japanese capital equipment and facilities or such Japanese goods as exist or may in future be produced and which under policies set forth pursuant to the Terms of Reference of the Far Eastern Commission should be made available for this purpose. The reparations shall be in such a form as would not endanger the fulfillment of the program of demilitarization of Japan and which would not prejudice the priority to be accorded to the defraying of the cost of occupation and the maintenance of a minimum civilian standard of living. The shares of particular countries in the total sum of the reparations from Japan shall be determined on a broad political basis, taking into due account the scope of material and human destruction and damage suffered by each claimant country as a result of the preparations and execution of Japanese aggression, and taking also into due account each country's contribution to the cause of the defeat of Japan, including the extent and duration of its resistance to Japanese aggression.

The U. S. member then proposed that Committee No. 1 recommend to the Steering Committee, within whose jurisdiction the Basic Policy paper (SC-022/9) presently lay, that the Steering Committee recommend to the Far Eastern Commission for adoption as a matter of policy, at its next meeting, this paragraph on reparations. It was the view of his Government, he said, that knowledge by the eleven member countries that their discussion of the question of division of reparations

Minutes - 85th Mtg.
Com. No. 1

2

SC-219/3RESTRICTEDSC-219/322 April 1947FAR EASTERN COMMISSIONDIVISION OF REPARATIONS SHARES

(References: SC-022 /9; SC-219/2; Minutes, 85th meeting, Committee No. 1)

Note by the Secretary General

The following, a revision of SC-219/2, a proposed policy relative to the division of reparations shares, was referred by the Steering Committee, at its sixtieth meeting, 22 April 1947, to the Basic Policy Subcommittee for consideration and report:

For acts of aggression committed by Japan and for the purpose of equitable reparation of the damage caused by her to the Allied Powers and in the interests of destruction of the Japanese war potential in those industries which could lead to Japan's rearmament for waging war, reparations shall be exacted from Japan through the transfer of such existing Japanese capital equipment and facilities or such Japanese goods as exist or may in future be produced and which under policies set forth pursuant to the Terms of Reference of the Far Eastern Commission should be made available for this purpose. The reparations shall be in such a form as would not endanger the fulfillment of the program of demilitarization of Japan and which would not prejudice the defraying of the cost of occupation and the maintenance of a minimum civilian standard of living. The shares of particular countries in the total sum of the reparations from Japan shall be determined on a broad political basis, taking into due account the scope of material and human destruction and damage suffered by each claimant country as a result of the preparations and execution of Japanese aggression, and taking also into due account each country's contribution to the cause of the defeat of Japan, including the extent and duration of its resistance to Japanese aggression.

NELSON T. JOHNSON
Secretary General

SC-219/3

SC-219/4RESTRICTEDSC-219/423 April 1947FAR EASTERN COMMISSIONDIVISION OF REPARATIONS SHARES

(References: SC-022/9, SC-219/2, SC-219/3; Minutes, 85th meeting, Committee No. 1)

Note by the Secretary General

1. SC-219/3, Division of Reparations Shares, should have read as follows:

For acts of aggression committed by Japan and for the purpose of equitable reparation of the damage caused by her to the Allied Powers and in the interests of destruction of the Japanese war potential in those industries which could lead to Japan's rearmament for waging war, reparations shall be exacted from Japan through the transfer of such existing Japanese capital equipment and facilities or such Japanese goods as exist or may in future be produced and which under policies set forth pursuant to the Terms of Reference of the Far Eastern Commission should be made available for this purpose. The reparations shall be in such a form as would not endanger the fulfillment of the program of demilitarization of Japan and which would not prejudice the defraying of the cost of occupation and the maintenance of a minimum civilian standard of living. The shares of particular countries in the total sum of the reparations from Japan shall be determined on a broad political basis, taking into due account the scope of material and human destruction and damage suffered by each claimant country as a result of the preparations and execution of Japanese aggression, and taking also into due account each country's contribution to the cause of the defeat of Japan, including the extent and duration of its resistance to Japanese aggression.

The clauses herein on reparations and references to this subject are without prejudice to the views of Governments on the overseas assets issue.

2. All members are requested to substitute those paragraphs for that in SC-219/3.

NELSON T. JOHNSON
Secretary General

SC-219/4

SC-219/5RESTRICTEDSC-219/524 April 1947FAR EASTERN COMMISSIONDIVISION OF REPARATIONS SHARES

(References: SC-022/12, SC-022/9;
219 series; Minutes 85th Mt'g Com#1)

Note by the Secretary General

1. The Soviet representative of the Steering Committee has informed the Secretary General that he is prepared to accept SC-219/4, Division of Reparations Shares, with the amendment shown below, originally proposed by the United States member in SC-022/12

"For acts of aggression committed by Japan and for the purpose of equitable reparation of the damage caused by her to the Allied Powers and in the interests of destruction of the Japanese war potential in those industries which could lead to Japan's rearmament for waging war, reparations shall be exacted from Japan through the transfer of such existing Japanese capital equipment and facilities or such Japanese goods as exist or may in future be produced and which under policies set forth by the Far Eastern Commission or pursuant to the Terms of Reference of the Far Eastern Commission should be made available for this purpose. The reparations shall be in such a form as would not endanger the fulfillment of the program of demilitarization of Japan and which would not prejudice the defraying of the cost of occupation and the maintenance of a minimum civilian standard of living. The shares of particular countries in the total sum of the reparations from Japan shall be determined on a broad political basis, taking into due account the scope of material and human destruction and damage suffered by each claimant country as a result of the preparations and execution of Japanese aggression, and taking also into due account each country's contribution to the cause of the defeat of Japan, including the extent and duration of its resistance to Japanese Aggression.

"The clauses herein on reparations and references to this subject are without prejudice to the views of Governments on the overseas assets issue."

2. The information contained above is circulated herewith for the consideration of the STEERING COMMITTEE.

NELSON T. JOHNSON
Secretary General

SC-219/5

FEC-219/6RESTRICTEDFEC-219/629 April 1947FAR EASTERN COMMISSION

DIVISION OF REPARATIONS SHARES
(References: 219 series, SC-022/12,
SC-022/9; Minutes 85th
Mtg. Com. No. 1)

Note by the Secretary General

1. The enclosure, a proposed policy relative to the division of reparations shares, was approved, as amended, by the Steering Committee at its sixty-second meeting, 29 April 1947, and is forwarded herewith for the consideration of the Far Eastern Commission.

2. The Australian member voted against the enclosure and the New Zealand member abstained.

NELSON T. JOHNSON
Secretary General

FEC-219/6

RESTRICTEDE N C L O S U R EDIVISION OF REPARATIONS SHARES

For acts of aggression committed by Japan and for the purpose of equitable reparation of the damage caused by her to the Allied Powers and in the interests of destruction of the Japanese war potential in those industries which could lead to Japan's rearmament for waging war, reparations shall be exacted from Japan through the transfer of such existing Japanese capital equipment and facilities or such Japanese goods as exist or may in future be produced and which under policies set forth by the Far Eastern Commission or pursuant to the Terms of Reference of the Far Eastern Commission should be made available for this purpose. The reparations shall be in such a form as would not endanger the fulfillment of the program of demilitarization of Japan and which would not prejudice the defraying of the cost of occupation and the maintenance of a minimum civilian standard of living. The shares of particular countries in the total sum of the reparations from Japan shall be determined on a broad political basis, taking into due account the scope of material and human destruction and damage suffered by each claimant country as a result of the preparations and execution of Japanese aggression, and taking also into due account each country's contribution to the cause of the defeat of Japan, including the extent and duration of its resistance to Japanese aggression.

The clauses herein on reparations and references to this subject are without prejudice to the views of Governments on the overseas assets issue.

FEC 227RESTRICTEDFEC 2275 May 1947FAR EASTERN COMMISSIONSTATEMENT BY AUSTRALIAN REPRESENTATIVE RELATIVE TO
REPARATIONSNote by the Secretary General

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

NELSON T. JOHNSON
Secretary General

FEC 227

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

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

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

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

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

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

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

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

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

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

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

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

*Miss Neeland*FEC-219/7RESTRICTEDFEC-219/79 May 1947FAR EASTERN COMMISSIONDIVISION OF REPARATION SHARES
(Reference: FEC-219/6)Note by the Secretary General

1. Enclosure "A", a policy decision relative to the division of reparations shares, was approved by the Far Eastern Commission at its fifty-seventh meeting, 8 May 1947.

2. The Australian Representative abstained from voting on this policy because, in the opinion of the Australian Government, the question of division of reparations shares should be dealt with in the peace conference.

3. The letter of transmittal of the Secretary General, forwarding this decision on behalf of the Far Eastern Commission to the Secretary of State of the United States Government in accordance with the Terms of Reference, is circulated herewith as Enclosure "B".

NELSON T. JOHNSON
Secretary General

FEC-219/7

RESTRICTEDENCLOSURE "A"DIVISION OF REPARATIONS SHARES

For acts of aggression committed by Japan and for the purpose of equitable reparation of the damage caused by her to the Allied Powers and in the interests of destruction of the Japanese war potential in those industries which could lead to Japan's rearmament for waging war, reparations shall be exacted from Japan through the transfer of such existing Japanese capital equipment and facilities or such Japanese goods as exist or may in future be produced and which under policies set forth by the Far Eastern Commission or pursuant to the Terms of Reference of the Far Eastern Commission should be made available for this purpose. The reparations shall be in such a form as would not endanger the fulfillment of the program of demilitarization of Japan and which would not prejudice the defraying of the cost of occupation and the maintenance of a minimum civilian standard of living. The shares of particular countries in the total sum of the reparations from Japan shall be determined on a broad political basis, taking into due account the scope of material and human destruction and damage suffered by each claimant country as a result of the preparations and execution of Japanese aggression, and taking also into due account each country's contribution to the cause of the defeat of Japan, including the extent and duration of its resistance to Japanese aggression.

The clauses herein on reparations and reference to this subject are without prejudice to the views of Governments on the overseas assets issue.

RESTRICTEDENCLOSURE "B"LETTER OF TRANSMITTAL

8 May 1947

The Honorable George C. Marshall
Secretary of State
Washington, D. C.

My dear Mr. Secretary:

The Terms of Reference of the Far Eastern Commission provide that one of the functions of the Commission should be to "formulate the policies, principles and standards in conformity with which the fulfillment by Japan of its obligations under the Terms of Surrender may be accomplished."

It is further provided that when such decisions are made by the Far Eastern Commission, "The United States Government shall prepare directives in accordance with the policy decisions of the Commission and shall transmit them to the Supreme Commander through the appropriate United States Government agency."

At the fifty-seventh meeting of the Far Eastern Commission held at 2516 Massachusetts Avenue, Northwest, Washington, D. C., on 8 May 1947, the enclosed policy decision relative to Division of Reparations Shares was approved. The Australian Representative abstained from voting on this policy because in the opinion of the Australian Government the question of division of reparations shares should be dealt with in the peace conference.

As Secretary General of the Far Eastern Commission, I have been instructed to forward this decision to you on behalf of the Commission, in order that the appropriate directives may be prepared and transmitted to the Supreme Commander in accordance with the Terms of Reference.

In adopting the enclosed policy decision the Commission agreed that it should be released to the press after being received by the Supreme Commander. In accordance with our normal procedure I would appreciate it if you could make arrangements to notify me when the enclosed policy decision has been received in Tokyo.

Sincerely yours,

Nelson T. Johnson
Secretary General

Enclosure "B"

-2-

FEC-219/7

Submission of eleven percentages by
 Mr. Barnett, U.S. delegate, on a purely
personal basis. -- 93rd Mtg. Com. 14 May 1947

CONFIDENTIAL

FAR EASTERN COMMISSION

PROPOSED NATIONAL PERCENTAGE SHARES OF INDUSTRIAL ASSETS FROM JAPAN

AUSTRALIA	9					
CANADA	2					
CHINA	25					
FRANCE	2					
INDIA	5					
NETHERLANDS	5					
NEW ZEALAND	2					
PHILIPPINES	9					
UNION OF SOVIET SOCIALIST REPUBLICS	3					
UNITED KINGDOM	9					
UNITED STATES	29					

RESTRICTED95th Mtg. - Com. No. 121 May 1947FAR EASTERN COMMISSIONCOMMITTEE NO. 1: REPARATIONSMINUTESATTENDANCE:

Australia	Major J. Plimsoll (Chairman)
	Mr. H. W. Bullock
Canada	Mr. R. E. Collins
China	Dr. K. K. Tsien, Dr. A. Koo
France	Mr. R. Douteau, Mr. M. Clement
India	Mr. M. Ahmad, Mr. S. N. Banerji
Netherlands	Dr. H. M. J. Hart
New Zealand	Col. G. R. Powles
Philippines	Mr. C. Coronel
U. S. S. R.	Mr. A. P. Korobochkin, Mr. P. Koulakov
United Kingdom	Mr. H. A. Graves, Mr. M. B. Thresher, Mrs. J. Locke
United States	Mr. R. W. Barnett, Mr. G. Pollard, Mr. E. R. Dickover
Secretariat	Mr. D. K. Eichler, Secretary Miss Miriam Nieland, Assistant Secretary

ITEM 1 - APPROVAL OF THE MINUTES OF THE 94TH MEETING

It was decided to postpone adoption of the minutes until the next meeting. The following changes were agreed to, pending final adoption of the minutes:

Page 1, last para., add the following sentence to the remarks of the Soviet member: "There should not, he said, be any cases of unilateral disclosures unless the Commission officially approved a release to the press."

Page 2, Item 2, first para. under heading Paragraphs 2 and 3, replace the remarks of the N. Z. member with the following sentence: "The N. Z. member said that since neither force nor duress necessarily implied fraud, he would favor retaining the word 'fraud'."

Page 2, same para. as above, add the following sentence to the end of the para.: "The French member strongly objected to the deletion of the word 'fraud' but said that his Government probably would not object to the addition of the word 'force'."

Page 3, para. 2, delete the first two sentences of the remarks of the U. S. member and substitute the following: "The U. S. member said that while the 'cost' provision in the Delivery paper was not intended to reduce the volume of reparations which a particular claimant would receive, the objective of the 'cost' provision in the Restitution paper in connection with salvaging and repairing ships was to guard against unreasonable requests for salvaging and repairing operations. It was thought that this could be accomplished by applying the costs of such operations against a recipient country's reparations account."

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Page 3, 3rd para., lines 3-4: Omit the quotations around "reparations apportionment."

Page 3, last para., delete sentences 2, 3 and 4 and replace with the following: "Since the Japanese Government bears only yen costs, it would not always be possible to charge the cost of repatriating ships' crews directly to the Japanese Government. For example, if a crew were brought back in an L. S. T. these costs would be non-yen expenses incurred outside Japan and would have to be payable in a currency other than yen and charged against SCAP's foreign exchange resources."

ITEM 2 - DIVISION OF REPARATIONS SHARES, FEC-219/7

The Chinese member said that he would like to ask some questions regarding the status of the schedule of percentages submitted by Mr. Barnett at the 93rd meeting of the Committee. He said that he felt the schedule was unrealistic in the percentages assigned and unacceptable as a basis for discussion because of the nature of its presentation. He referred to para. 2 of Cl 219/1 where it stated that "each member who is willing to do so should submit conclusions that would facilitate the establishment by the FEC of reparations percentage shares for other member countries provided that the conclusions submitted have the tentative support of either his Government or the head of his Government's FEC delegation." He said that he would be interested in knowing whether Mr. Barnett's percentages had the support of either his Government or the head of his FEC delegation. The U. S. member replied that his action in submitting his schedule in a personal capacity was not taken pursuant to Cl-219/1 but in response to a motion made at the 93rd meeting of Committee No. 1 and carried by the Committee by a vote of 9-1, the Soviet member opposing and the U. S. member abstaining. He said that his schedule of percentages was at variance with his Government's position and that it represented only his personal view. The Chinese member said that inasmuch as the U. S. member's schedule did not have the support of his Government or his delegation's chief, he wondered whether the Committee should spend any time discussing it. If not, then there could be no discussion at the present time. However, if the Committee should agree to discuss Mr. Barnett's personal schedule he wondered whether other countries should not also present personal schedules of their own.

The Soviet member said that there was no point in discussing the personal views of individual members of the Committee. It was better, he said, to wait for the opinions of Governments. He would himself have the official opinion of his Government within the next few days, probably by Monday the 26th of May. He suggested postponement of the discussion until that date.

The N. Z. member said that the Committee should not lose sight of the fact that Mr. Barnett's presentation was made upon the express request of the Committee. He was particularly surprised, he said, at the position taken by the Chinese member since it was understood when the members approved the motion requesting Mr. Barnett to submit his schedule that the countries voting for it would agree to discuss the schedule and give it serious consideration.

The Australian member read from the Minutes of the 93rd meeting, page 6, para. 4, where the U. S. member was recorded as follows:

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"He (the U. S. member) said that he would, however, be most reluctant to submit such a schedule unless the Committee were ready to accept it in a spirit of tolerance and could commit itself to working on it with a view to arriving promptly at some definite conclusion."

He said that, in his opinion, those members who voted to ask the U. S. member to table a schedule were under an obligation to consider it in discussion.

The Canadian member said that he wished to point out that he had emphasized at the 93rd meeting the willingness of the Committee to give serious consideration to any schedule which Mr. Barnett would present and that there had been no objection on the part of Committee members, with the exception of the Soviet member who ultimately voted against the proposal. The Netherlands member said that he felt the Committee was bound to consider Mr. Barnett's schedule but suggested that Mr. Barnett might at this time be able to indicate whether his personal views, as contained in this schedule, were perhaps at this time acceptable to his Government.

The U. S. member read further from the Minutes of the 93rd meeting as follows:

"In recent weeks, he (the U. S. member) had discussed with General McCoy at very great length the difficulties currently facing the Reparations Committee. When the idea was recently revived that the Chairman of the FEC draw up a schedule of eleven percentages, General McCoy said that while he felt the idea of providing the Committee with such a schedule was a valuable one and he would not wish to rule it out, he felt, however, that it would be better if it came not from himself as Chairman of the Commission but from the U. S. member of the Reparations Committee acting in a strictly personal capacity. General McCoy felt, he said, that a useful working schedule would not need to have the backing of a particular country, but, if responsibly prepared, it could serve as a valuable starting-point for fruitful exploration of the whole division-of-shares issue."

The U. S. member continued that, while the schedule presented did vary from the instructions under which his delegation was acting in the negotiations regarding the division of shares as a whole, he doubted whether any one around the table would suppose that either General McCoy or himself would act in a wholly personal capacity in the FEC at any time. He pointed out that both he and General McCoy had access to sources of information not available to wholly unofficial persons who must rely primarily on the press. The U. S. member further recalled that at the 93rd meeting he had emphasized that the presentation of any schedule of percentages which would reduce 204.5% to 100% must of necessity disappoint nearly all members around the table. Such disappointment could not possibly be avoided if any progress whatever was to be expected from this time forward. As to the Chinese member's suggestion that other countries present schedules, he pointed out that this possibility was thoroughly canvassed during the weeks preceding the presentation of his personal schedule and no other member was then willing to come forward with a schedule.

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The French member said that he felt that the Committee was being very unfair to Mr. Barnett. The Committee was, he said, under an obligation to discuss the schedule before it, and, while the percentages submitted were quite unsatisfactory to him, he did not feel that this in any way relieved him of the obligation to discuss the schedule.

The Chinese member said that the emphasis of his remarks was meant to be on the desirability of having schedules presented by other members and was not to be interpreted as in any way deprecating the action of Mr. Barnett in submitting his schedule. He saw no reason why other members should not present their personal views, which the Committee could then discuss on an official basis. The N. Z. member said that while official views were of course necessary, it should not be forgotten that many members had been trying to obtain the official views of their respective Governments for a very long time without success.

The Chinese member asked whether, if an official schedule of percentages were submitted by a particular country, it would have precedence over Mr. Barnett's schedule. The N. Z. member replied that it seemed clear that this would be the case and that two official schedules would be even better than one.

The U. S. member said that he was prepared to submit his Government's official schedule as soon as a majority of members were ready to do so. The Chinese, French, Netherlands, and Soviet members said they would be able to submit official schedules of percentages in the very near future. The Philippine member said that he would likewise probably be able to submit his schedule but was not able to say how soon that would be.

The U. K. member said that he had no instructions on a schedule of percentages but felt that, in the schedule presented by the U. S. member, the percentage given to the U. K. was so unrelated to the efforts of the U. K. and its colonies in the war against Japan that he did not consider the schedule would be a useful basis for discussion. This did not mean, he said, that he was not grateful to the U. S. member for his attempt to help the Committee on its way to a solution. He concluded by saying that he might be in a position to present his Government's official position on this matter by next Monday, 26 May.

The Chinese member said that he wished once more to repeat that his Government's claim for 40% of the industrial assets to be made available for reparations from Japan was a rock-bottom figure and the very lowest his Government could accept. This claim, he said, was an extremely moderate one in view of the great suffering and destruction endured by China from the very beginning of Japanese hostilities. The claim could have been much higher than 40%, but it was felt that the spirit of moderation which this figure indicated would perhaps be reflected in the deliberations of other delegations.

The Canadian member said that he wished to express the gratitude of his Government to the U. S. member for the schedule of percentages which he had submitted. It was his Government's position, however, that while wishing in no way to deprecate the generosity of the 2% share accorded Canada under this schedule, it would prefer that Canada's share remain

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at 1.5% as originally submitted. He suggested that the proposals of the N. Z. member at the last meeting with respect to the establishment of an order of priority of claim of the eleven countries should not be overlooked, and that in addition those countries unable to present a schedule of eleven percentages should submit any additional information or conclusions which might be helpful in the discussions on division of shares as agreed in Cl-219/1. He said that he would be in a position to present such conclusions.

The French member said that he still favored some group system such as the Netherlands idea of dividing countries into those devastated and those not devastated, with perhaps 75% going to the first group and 25% to the second. Among the devastated countries he would place Australia, China, France, India, Netherlands, the Philippines, and the U. K. Among the non-devastated countries would be Canada, New Zealand, the U. S. and the U.S.S.R.

The Australian member said that his Government concurred in the U. S. view that the contribution to the defeat of Japan should be given equal emphasis with the degree of destruction suffered. His Government believed that the U. S. held a predominant position with respect to "contribution", and that China had suffered more "destruction and damage" than any other country. It was the further opinion of his Government that Australia ranked second in contribution to the defeat of Japan, and that this should mean that Australia receive not lower than the third highest reparations share.

The Indian member said he had no instructions from his Government but it was his personal view and that of his delegation that the percentage accorded India under Mr. Barnett's schedule had been based on an inadequate assessment of the part India played in the war against Japan. It would be very difficult, he said, to accept a reparations share which failed to take into account India's key position in providing an important base of operations against the Japanese. The figure of 18% originally requested by his Government was an absolute minimum, and his Government felt that it was justified in asking the other members of the FEC to give full consideration to the strategic advantage which the use of India as a base of operations gave the Allies during the war.

The U. S. member said that there were many other countries around the table more interested in obtaining those reparations from Japan which only a settlement of the issue under discussion could provide. The U. S. was fundamentally interested in obtaining an amicable international agreement on this issue. It was unfortunate that the Committee at this moment appeared to be back where it was before he had presented his schedule. His action had, it would seem, turned out to be a "flash in the pan" after all. However, the schedule submitted would hardly be entirely forgotten, yet Committee members would not become any more attached to it as time went by. The only way in which members might eventually come to like this schedule better than they did at present would be if they accepted it as a basis for a discussion of views which could, as time progressed, be reconciled. The schedule was an unofficial one, but it did express a philosophy of approach to the question of division of shares. However more than a mere "philosophy" of approach was necessary. Members must be willing to come down to brass tacks and talk figures. Clearly the next most valuable step would be the

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presentation of schedules by other countries. If this were done, even if the schedules were not wholly official, it would be possible to make some progress. If this were impossible, however, a single personal schedule did have certain advantages. For each country could look at the schedule and could say, "The figure given my country is too low"; and could then try to show which of the percentages assigned to other countries must be reduced in order to increase his own. Such a method of presenting official views of Governments might be less awkward in the end than the blunt presentation by each country of eleven percentages. He wondered whether other members of the Committee had such a procedure in mind when they requested him to present a schedule. The Australian member remarked that some such use of the U. S. member's schedule had, he thought, been taken for granted by the Committee when it had requested him to present his schedule.

The Chinese member said that since there appeared to be a possibility that most members would have further instructions by next meeting, he would suggest postponement of the discussion of this subject until the next meeting of the Committee. The U. S. member said he felt that, in addition to the presentation of schedules of percentages, members should also come next week with concrete proposals as to the procedure to be followed in utilizing the schedules.

Further discussion of this item was postponed until the next meeting.

ITEM 3 - OTHER BUSINESS

The Soviet member requested that FEC-212 (Soviet request for information on selection of plants) be added to the agenda of the present meeting in order to permit him to present a statement concerning this subject. The Committee agreed to hear the Soviet statement which is given verbatim below:

SOVIET STATEMENT IN CONNECTION WITH PLANTS DESIGNATED FOR REPARATIONS REMOVAL: SOVIET REQUEST FOR INFORMATION, FEC-212

In connection with the reply of the U. S. group to our request, set out in FEC-212 of 27 March, 1947, for information concerning the reasons and motives for the exclusion by the Supreme Commander from the original reparations lists of aircraft plants, arsenals, laboratories and other enterprises, and the substitution for them of other items, I would like to bring to the notice of the members of this Committee some data relating to the nature of the plants returned to the Japanese as well as the plants newly included in the reparations lists by the Supreme Commander.

As an example, according to the data published in the magazine "Daismondo" of 1 October, 1946 and 21 January, 1947, there was designated for removal on account of reparations from the "Ebara Seisaku" machine tool manufacturing Company the Kawasaki plant, the largest of the five plants of the Company. This plant had suffered no damage from the air-raids. The plant was built in 1941 for manufacturing various heavy types of machine tools in connection with the war needs. The capital of the plant is estimated at 8 million yen.

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On January 17, 1947 it was announced that as an amendment to the original reparations list the Kawasaki plant was excluded from the reparations items. At the same time instead of the Kawasaki plant the Fuji plant of the same Company was included. The value of the equipment of the Fuji plant is estimated only at 1,200,000 yen.

The machine-tool manufacturing Company "Kubota Tekko" was originally ordered to designate the following three plants (out of the nine) for removal on account of reparations: Sekai, Ongashima and Mukojima. As a result of introducing changes in the lists, two of the said plants, namely the Sekai and the Ongashima, were also returned to the Company. At present the two returned plants together with the foundry of that Company provide as much as 50% of the total production of the Company.

It is also known that among the enterprises excluded from the original reparations lists and returned to the Japanese are the following enterprises under the group of aircraft factories;

The underground plant Tiba with the balance value of about 24 million yen, belonging to the "Hitati Kokuki" Company. The war damage sustained by the plant is estimated only at 390,925 yen which constitutes 0.16%;

The underground plant #6, of the "Mitsubishi Djiu Kogio" Company with the balance value of the machinery and equipment more than 17 million. The war damage of the machinery and equipment is estimated slightly more than at 1 million yen;

The Hokeia plant of the "Yamagata Koku Kogio" Company with the balance value over 1,530,640. The plant has had no war damage;

Out of the group of privately owned plants in the original reparations lists the following plants have been returned to the Japanese:

The Amagasaki plant of the "Nippon Siafit Seikoshio" Company with the balance value of about 2 million yen. The war damage is estimated only at about 10 thousand yen. The machinery and equipment have not been damaged. The Matoyama plant /Matoyama Seisakushio/ with the balance value of 1,216,990 yen, including the machinery and equipment - 1,011,672 yen. No war damage.

The Okajima plant of the "Kubota Tokkoshio" Company with the balance value of about 3 million yen. The war damage is estimated at three per cent;

Also a number of other plants.

It is sufficient to mention that among those excluded from the original reparations lists under the group of aircraft plants there are 24 underground enterprises.

Attention is also deserved by the fact that Japanese companies are trying to avail themselves of the cases of

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correction of the original reparations lists by the Supreme Commander, with a view to protecting their enterprises from reparations removals.

The same magazine "Daiamondo" of 21 January, 1947 reports that in the case of the machine tool manufacturing company "Dainihon Kiki" three plants have been included in the reparations list: the Shinjiuku, the Aoshi and the Kiriu. The share of these plants in the Company's production constitutes 70%. The Company has submitted a petition for excluding the said plants from among the reparations items. Presumably it will be permitted to retain all the operating equipment of these plants and to remove only the idle one;

In the case of the machine tool manufacturing Company "Niigata Tekko" three plants have been included: the Niigata and the Sanudjio /machine tool building/ and the Urawa /armoury/. Although the removal of these plants does not cause any great damage to the Company. It nevertheless has submitted a petition for excluding these plants from the reparations lists.

These, by far not complete, data bear witness to the fact that the practice of the Supreme Commander of revising the original reparations lists is not in accord with the policy formulated by the Far Eastern Commission on disarmament of Japan.

In view of this it seems necessary that official data be obtained from the Supreme Commander on this question so that the Commission could have the possibility of passing its judgement as to the practical fulfillment by the Supreme Commander of the policy laid down by the Commission on the disarmament of Japan.

Meeting adjourned at 4:35 p.m.

Time of next meeting: 27 May at 3:00 p.m.

C1-219/8RESTRICTEDC1-219/827 May 1947FAR EASTERN COMMISSIONCOMMITTEE NO. 1: REPARATIONSDIVISION OF REPARATIONS SHARESNote by the Secretary General

1. The enclosure, schedules of national percentage shares of reparations from industrial assets from within Japan, submitted by members of Committee No. 1 at the 92nd, 93rd, and 96th meetings of the Committee, is circulated herewith for the further consideration of COMMITTEE NO. 1: REPARATIONS.

2. The individual percentage requested by each country for itself and listed in column 1 of the enclosure represents the official position of the respective Government. The U.S.S.R. schedule in column 2 of the enclosure represents the official position of the Soviet Government. The schedules of the Indian, New Zealand, and U. S. members were submitted in a personal capacity. The group plan proposed by the Canadian member represents the official tentative views of his Government.

NELSON T. JOHNSON
Secretary General

C1-219/8

E N C L O S U R E

PROPOSED NATIONAL PERCENTAGE SHARES OF INDUSTRIAL ASSETS FROM JAPAN

	% Share Requested by Each Country	USSR Schedule (official)	(U. S.) Mr. Barnett's Schedule (personal)	<i>Official</i>	(N..Z.) Col. Powles's Schedule (personal)	Mr. Sc (pe
AUSTRALIA	28.0	2.5	9.0	8	8.5	
CANADA	1.5	1.5	2.0	1.5	1.5	
CHINA	40.0	23.0	25.0	29	*	
FRANCE	12.0	3.0	2.0	2	2.0	
INDIA	18.0	7.0	5.0	4	8.0	
NETHERLANDS	15.0	5.0	5.0	4	6.0	
NEW ZEALAND	2.0	2.0	2.0	1.5	2.0	
PHILIPPINES	15.0	7.0	9.0	8	8.0	
UNION OF SOVIET SOCIALIST REPUBLICS	14.0	14.0	3.0	2	5.0	
UNITED KINGDOM	25.0	5.0	9.0	8	9.0	
UNITED STATES	34.0	15.0	29.0	32	*	
Non-FEC Countries		15.0				

* minimum of 50% divided between China & U.S.

Total 204.5 100.0 100.0 100.0

CI-219/8

C L O S U R E

THE SHARES OF INDUSTRIAL ASSETS FROM JAPAN

(U. S.) Mr. Barnett's Schedule (personal) <i>official</i>	(N..Z.) Col. Powles's Schedule (personal)	(India) Mr. Ahmad's Schedule (personal)
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9.0	8	8.5	9.5
2.0	1.5	1.5	1.5
25.0	29	*	25.0
2.0	2	2.0	2.0
5.0	4	8.0	12.5
5.0	4	6.0	5.0
2.0	1.5	2.0	1.5
9.0	8	8.0	7.0
3.0	2	5.0	4.0
9.0	8	9.0	10.0
29.0	32	*	22.0

Canadian Proposal (Official, tentative)

I. China and U.S.A.50%

*II. Australia, India,
Netherlands, Philippines,
U.K.....40%

*III. Canada, France, N.Z.,
* USSR.....10%

Total 100%

*uk most
** - alphabetical order

* minimum of
50% divided
between China & U.S.

100.0

100.0

100.0

01-219/9RESTRICTED01-219/92 June 1947FAR EASTERN COMMISSIONCOMMITTEE NO. 1: REPARATIONSDIVISION OF REPARATIONS SHARESNote by the Secretary General

1. The enclosure, schedules of national percentage shares of reparations from industrial assets from within Japan, submitted by members of Committee No. 1 at the 92nd, 93rd, 96th and 98th meetings of the Committee, is circulated herewith for the further consideration of COMMITTEE NO. 1: REPARATIONS.

2. The individual percentage requested by each country for itself and listed in column 1 of the enclosure represents the official position of the respective Government. The U.S.S.R. and U.S. schedules in columns 2 and 3 respectively represent the official positions of the two Governments. The schedules of the Indian, New Zealand, and U.S. members were submitted in a personal capacity. The group plan proposed by the Canadian member represents the official tentative views of his Government.

NELSON T. JOHNSON
Secretary General

01-219/9

E N C L O S U R E

PROPOSED NATIONAL PERCENTAGE SHARES OF INDUSTRIAL ASSETS FROM

	% Share Requested by Each Country	USSR Schedule (official)	U.S. Schedule (official)	(U.S.) Mr. Barnett's Schedule (personal)	(N. Z.) Ccl. Powles's Schedule (personal)
AUSTRALIA	28.0	2.5	8.0	9.0	8.5
CANADA	1.5	1.5	1.5	2.0	1.5
CHINA	40.0	23.0	29.0	25.0	*
FRANCE	12.0	3.0	2.0	2.0	2.0
INDIA	18.0	7.0	4.0	5.0	8.0
NETHERLANDS	15.0	5.0	4.0	5.0	6.0
NEW ZEALAND	2.0	2.0	1.5	2.0	2.0
PHILIPPINES	15.0	7.0	8.0	9.0	8.0
UNION OF SOVIET SOCIALIST REPUBLICS	14.0	14.0	2.0	3.0	5.0
UNITED KINGDOM	25.0	5.0	8.0	9.0	9.0
UNITED STATES	34.0	15.0	32.0	29.0	*
Non-FEC Countries		15.0			
TOTAL	204.5	100.0	100.0	100.0	100.0

I. China and U.S.A.50%

* minimum of 50% divided between China & U

II. Australia, India, Netherlands, Philippines, U.K.**.....40%

** U.K. to receive share in this g

Canadian Proposal (Official, tentative) III. Canada, France, N.Z., USSR10%

Total 100%

ENCLOSURE

THE SHARES OF INDUSTRIAL ASSETS FROM JAPAN

(U.S.) Mr. Barnett's Schedule (personal)	(N. Z.) Col. Powles's Schedule (personal)	(India) Mr. Ahmad's Schedule (personal)				
9.0	8.5	9.5				
2.0	1.5	1.5				
25.0	*	25.0				
2.0	2.0	2.0				
5.0	8.0	12.5				
5.0	6.0	5.0				
2.0	2.0	1.5				
9.0	8.0	7.0				
3.0	5.0	4.0				
9.0	9.0	10.0				
29.0	*	22.0				
100.0	100.0	100.0				

* minimum of 50% divided between China & U.S.

.....50%
pines,40%
.....10%
Total 100%

** U.K. to receive the largest share in this group

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CLASSIFICATION CHANGED	
TO	<u>Unclassified</u>
BY AUTHORITY OF	<u>FEC-219/10</u>
DATE	<u>4/24/97</u>
BY	

~~RESTRICTED~~FEC-219/105 June 1947FAR EASTERN COMMISSIONDIVISION OF REPARATIONS SHARES
(Reference: FEC-219/7)Note by the Secretary General

1. The enclosure, a United States directive to the Supreme Commander for the Allied Powers forwarding the statement of policy of the Far Eastern Commission on the division of reparations shares, is circulated herewith for the information of the Far Eastern Commission.

2. This directive was forwarded to the Supreme Commander on 15 May 1947.

3. A certified copy of this United States directive to the Supreme Commander for the Allied Powers has been filed with the Commission in accordance with Section III, paragraph 4, of the Terms of Reference.

NELSON T. JOHNSON
Secretary General

FEC-219/10

RESTRICTEDE N C L O S U R EDIVISION OF REPARATION SHARESSerial No. 79

15 May 1947

The following directive, serial number 79, prepared by the State Department to implement the policy adopted by the Far Eastern Commission on May 8, 1947 under the provisions of paragraph II, A, 1, of its terms of reference has been received from the State, War and Navy Departments for transmission to you for your guidance in accordance with paragraph III, 1 of these terms of reference:

"1. For acts of aggression committed by Japan and for the purpose of equitable reparation of the damage caused by her to the Allied Powers and in the interests of destruction of the Japanese war potential in those industries which could lead to Japan's rearmament for waging war, reparations shall be exacted from Japan through the transfer of such existing Japanese capital equipment and facilities or such Japanese goods as exist or may in future be produced and which under policies set forth by the Far Eastern Commission or pursuant to the terms of reference of the Far Eastern Commission should be made available for this purpose. The reparations shall be in such a form as would not endanger the fulfillment of the program of demilitarization of Japan and which would not prejudice the defraying of the cost of occupation and the maintenance of a minimum civilian standard of living. The shares of particular countries in the total sum of the reparations from Japan shall be determined on a broad political basis, taking into due account the scope of material and human destruction and damage suffered by each claimant country as a result of the preparations and execution of Japanese aggression, and taking also into due account each country's contribution to the cause of the defeat of Japan, including the extent and duration of its resistance to Japanese aggression.

"2. The clauses herein on reparations and references to this subject are without prejudice to the views of governments on the overseas assets issue."

In view of these considerations, the Netherlands' Delegation suggested to assign approximately 80% to the seven countries concerned and the remaining 20% to the U.S., the U.S.S.R., Canada and New-Zealand. In accordance with the same principles and in full accord with the viewpoint of the French Delegation which also stressed the importance of ensuring the economically most effective distribution of reparations-assets, the Netherlands' Delegation ventures to suggest the following allocation:

China	:	30%
U.K.	:	12%
Netherlands	:	12%
Philippines	:	9%
Australia	:	6%
India	:	6%
France	:	6%
U.S.	:	12%
U.S.S.R.	:	3%
Canada	:	2%
New Zealand	:	2%

The Netherlands Member submitted a number of graphs representing the percentages indicated for each country in the schedules thus far submitted. These graphs also showed a margin of 20% on either side of the indicated figure for each country which the Netherlands Member felt should represent an area of negotiating flexibility. The U. S. Member said that he doubted whether a standard flexibility range of plus or minus 20% for each country was as desirable as separate ranges of flexibility for each country, based upon the facts and political considerations involved in each case. The Secretariat was asked to reproduce the graphs for circulation to the Committee.

The Soviet Member said that he would strongly suggest postponement of further discussion on this item for another week at least, in order to give Members a chance to receive instructions from their Governments on official schedules. His Government felt the Committee should not take any further steps until all

CI-219/11RESTRICTEDCI-219/1117 June 1947FAR EASTERN COMMISSIONCOMMITTEE NO. 1: REPARATIONSDIVISION OF REPARATIONS SHARESNote by the Secretary General

1. The enclosure, schedules of national percentage shares of reparations from industrial assets from within Japan, submitted by members of Committee No. 1 at the 92nd, 93rd, 96th, 98th, and 101st meetings of the Committee, is circulated herewith for the further consideration of COMMITTEE NO. 1: REPARATIONS.

2. The individual percentage requested by each country for itself and listed in column 1 of the enclosure represents the official position of the respective Government. The U.S.S.R. and U.S. schedules in columns 2 and 3 respectively represent the official positions of the two Governments. The schedules of the Indian, New Zealand, and U.S. Members were submitted in a personal capacity. The group plan proposed by the Canadian member represents the official tentative views of his Government. The French and Philippine schedules represent the views of the head of the respective country's Delegation to the Far Eastern Commission.

NELSON T. JOHNSON
Secretary General

CI-219/11

E N C L O S U R E

PROPOSED NATIONAL PERCENTAGE SHARES OF INDUSTRIAL ASSETS FROM

	% Share Requested by Each Country	USSR Schedule (official)	U.S. Schedule (official)	(U.S.) Mr. Barnett's Schedule (personal)	(N. Z.) Col. Powles' Schedule (personal)
AUSTRALIA	28.0	2.5	8.0	9.0	8.5
CANADA	1.5	1.5	1.5	2.0	1.5
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FRANCE	12.0	3.0	2.0	2.0	2.0
INDIA	18.0	7.0	4.0	5.0	8.0
NETHERLANDS	15.0	5.0	4.0	5.0	6.0
NEW ZEALAND	2.0	2.0	1.5	2.0	2.0
PHILIPPINES	15.0	7.0	8.0	9.0	8.0
UNION OF SOVIET SOCIALIST REPUBLICS	14.0	14.0	2.0	3.0	5.0
UNITED KINGDOM	25.0	5.0	8.0	9.0	9.0
UNITED STATES	34.0	15.0	32.0	29.0	*
Non-FEC Countries		15.0			
TOTAL	204.5	100.0	100.0	100.0	100.0

Canadian Proposal: Official, tentative

- I. China and U.S.A.50%
 - II. Australia, India, Netherlands, Philippines, U.K.**.....40%
 - III. Canada, France, N.Z., USSR10%
- Total 100%

** U.K. to receive the largest share in this group

* minimum of 50% divided between China &