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b. The development of organizations in labor, industry, and agriculture organized on a democratic basis.

Accordingly, you will:

(1) Require the Japanese to establish a public agency responsible for reorganizing Japanese business in accordance with the military and economic objectives of your government. You will require this agency to submit, for approval by you, plans for dissolving large Japanese industrial and banking combines or other large concentrations of private business control.

(2) Establish and maintain surveillance, until satisfactory plans for reorganization have been approved, over the Japanese businesses described in subparagraph (1) above in order to ensure conformity with the military and economic objective of your government.

(3) Dissolve the Control Associations. Any necessary public function previously performed by these associations should be transferred to public agencies, approved and supervised by you.

(4) Abrogate all legislative or administrative measures which limit free entry of firms into industries to be reorganized where the purpose or effect of such measures is to foster and strengthen private monopoly.

(5) Terminate and prohibit all Japanese participation in private international cartels or other restrictive private international contracts or arrangements.

(6) Require the Japanese to remove, as rapidly as practicable, wartime controls over labor and reinstate protective labor legislation.

(7) Require the removal of all legal hindrances to the formation of organizations of employees along democratic lines, subject to any necessary safeguards to prevent the perpetuation of militaristic influences under any guise or the continuation of any group hostile to the objectives and operations of the occupying forces.

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(8) Prevent or prohibit strikes or other work stoppages only when you consider that these would interfere with military operations or directly endanger the security of the occupying forces.

Foreign Economic Transactions.

26. You will establish controls over all Japanese foreign trade in goods and services. Such controls should be so operated as to give effect during the initial period to the following policies:

a. Exports shall not be approved if such goods are clearly needed to meet minimum domestic requirements.

b. No exports of plant and equipment shall be permitted until determination has been made as to whether they may be required for reparations or restitution.

c. Exports other than those directed to be shipped on reparation account or as restitution may be made only to those recipients who agree to provide necessary imports in exchange or agree to pay for such exports in foreign exchange.

d. All proceeds of exports shall be controlled by you and made available in the first place for the payment for approved imports. No person, corporation or organization in Japan shall be permitted to acquire foreign assets of any kind except with your special approval.

e. Approval should be given only to imports which are clearly in accord with the economic policies elsewhere set down in this directive.

f. Neither the need for imports or exports (including exports that might be made on reparations account) shall be deemed a reason for requiring or permitting any branch of Japanese industry to be restored or developed to an extent that might significantly contribute to Japan's war-making potential, or promote dependence by other countries on Japan for strategic products.

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27. The Japanese authorities are to enter into no economic agreements of any kind with foreign governments or interests except after prior consultation with you by your express approval. Any such proposed agreements should be submitted to the Joint Chiefs of Staff for their consideration.

Reparations and Restitutions.

28. You will assure the execution of programs of reparations in kind and of restitution of identifiable looted property in accordance with decisions of the appropriate Allied authorities transmitted to you by the Joint Chiefs of Staff. Reparations will be accomplished:

- a. Through the transfer of Japanese property located outside of the territories to be retained by Japan;
- b. Through the transfer from Japan of goods, existing plant, equipment, and facilities that are not necessary to the operation of a peaceful Japanese economy, or the supplying of the occupying forces.

All requests received by you, for reparations or restitution from the United Nations which have been victims of Japanese aggression will be reported with your recommendations to the Joint Chiefs of Staff.

B. CIVILIAN SUPPLY AND RELIEFCivilian Supply Policy and Standard of Provision

29. a. You will assure that all practicable economic and police measures are taken to achieve the maximum utilization of essential Japanese resources in order that imports into Japan may be strictly limited. Such measures will include production and price controls, rationing, control of black markets, fiscal and financial controls and other measures directed toward full employment of resources, facilities and means available in Japan.

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b. You will be responsible for providing imported supplies only to supplement local resources and only to the extent supplementation is needed to prevent such widespread disease or civil unrest as would endanger the occupying forces or interfere with military operations. Such imports will be confined to minimum quantities of food, fuel, medical and sanitary supplies and other essential items, including those which will enable local production of such supplies which you would otherwise have to import.

c. Supplies necessary to be imported under paragraph 29 b above will be obtained to the extent possible from surpluses available from other Asiatic and Pacific Ocean areas. To the extent that such surpluses are available in areas under the jurisdiction of other United States commanders, arrangements may be made by you directly with such other commanders. To the extent that such surpluses are available in areas under the jurisdiction of governments other than the United States, or the military commanders of such governments, negotiations necessary to obtain such surpluses will be conducted by or with approval of local United States diplomatic representatives in the areas in question. In the event such diplomatic representatives are not available, you will report the situation, with your recommendations to the Joint Chiefs of Staff.

d. If you deem that you should assume responsibility for additional imports to accomplish the objectives of your occupation, you will submit your recommendations to the Joint Chiefs of Staff.

Methods and Conditions of Distribution

30. You will require that all practicable steps be taken to assure the fair and equitable distribution of supplies under uniform ration scales.

31. To the maximum extent consistent with military expediency, imported supplies for the civilian population should, in so far as

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practicable and desirable, be delivered to such Japanese public supply agencies or other consignees as are acceptable to you and under your direct supervision or control. Whenever possible, such deliveries will be at ports of entry, but if necessary, deliveries may take place at appropriate inland centers of distribution.

32. You may make sales directly to wholesalers or other commercial dealers in the event that no satisfactory public supply agency exists or that operational or other reasons render distribution of civilian supplies through such an agency impracticable. In order to limit direct provision and distribution of supplies by you to the civilian population, you should assure that the Japanese do not unnecessarily involve the occupying forces in such responsibility. Such direct sales by you as are necessary will be paid for by the purchaser in local currency at prices determined by you to be consistent with the internal economy.

33. Supplies delivered to supply agencies or other consignees will be sold by them through distribution channels and in accordance with distribution policies satisfactory to you and at prices determined by you to be consistent with the internal economy. When military necessity requires, civilian supplies may be made the subject of direct relief issue by you or by supply agencies under your supervision or control.

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PART III

FINANCIAL

34. In the financial field you will make full application of the principles stated elsewhere in this directive, acting through the Japanese Government to the extent that effective execution of the policies and programs hereinafter enumerated will permit, but establishing administrative machinery not dependent upon Japanese authorities and agencies to the extent necessary to execute or assure the effective execution of such policies and programs. You are specifically directed to establish such independent administrative machinery in order to execute or assure the effective execution of the provisions of paragraphs 40, 41, 45, 46 and 47 of this directive.

35. Japanese financial organizations and the public finance system will be expected to function on the basis of Japanese resources. You will take no steps designed to maintain, strengthen, or operate the Japanese financial structure except in so far as may be necessary for the purposes specified in this directive.

36. You may authorize or require the Bank of Japan or any other bank or agency to issue bank notes and currency which will be legal tender; without such authorization no Japanese governmental or private bank or agency will be permitted to issue bank notes or currency.

37. You will require the Japanese authorities to make available to you legal tender yen notes or yen credits free of cost and in amounts sufficient to meet all expenses of your forces including the costs of your military occupation.

38. a. In the event that for any reason adequate supplies of regular legal tender yen notes are not available you will use supplemental military yen (Type "B") issued

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pursuant to military proclamation. Supplemental yen will be declared legal tender and will be interchangeable at par without distinction with other legal tender yen currency.

b. Regular yen currency will include currencies which are now legal tender in the area.

c. Japanese military yen issued for circulation in territories occupied by the Japanese will not be legal tender and will not be acceptable nor interchangeable with supplemental yen or regular yen currencies.

39. You will not announce, establish or permit the use or publication, until receipt of further instructions, of any general rate of exchange between the Japanese yen on the one hand the U.S. dollar and other currencies on the other. However, a rate of conversion to be used exclusively for pay of military and naval personnel and for military and naval accounting purposes, namely 15 regular or supplemental yen equal one U.S. dollar, has already been communicated to you.

40. You will remove and exclude from positions of important responsibility or influence in all public and private financial institutions, agencies or organizations all persons who have been active exponents of militant nationalism and aggression or who have actively participated in the organizations enumerated in paragraph 7 of this directive. It may be generally assumed in absence of evidence to the contrary that any persons who have held key positions in any such institutions, agencies, or organizations are active exponents of militant nationalism and aggression. You will also prevent the retention in or selection for places of importance in the financial field of individuals who do not direct future financial effort solely towards peaceful ends.

41. You will close and not allow to reopen banks and other financial institutions whose paramount purpose has been the

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financing of war production or the mobilization or control of financial resources in colonial or Japanese occupied territories. These include:

- a. The Wartime Finance Bank,
- b. The National Financial Control Association and its member control associations,
- c. Offices, in the area, of the bank of Chosen and the Bank of Taiwan,
- d. The various banks and development companies whose fields of operation have been outside Japan proper such as the Southern Development Company, the Southern Development Company Bank and the Tokyo offices of the Central Bank of Manchu, Bank of Mongolia, Federal Reserve Bank of China, and Central Reserve Bank of China. You will take custody of all the books and records of these banks and other institutions.

42. You are authorized to take such financial measures as you may deem necessary to accomplish the objectives of your military occupation, specifically including, without limitation, the following:

- a. Close banks, other than those indicated in paragraph 41 above, only where clearly necessary for the purposes of introducing satisfactory control, removing objectionable personnel and taking measures to effectuate the program for the blocking of certain accounts and transfers or the determination of accounts to be blocked or for other reasons of military necessity. You should reopen any banks so closed, except those indicated in paragraph 41 above, as promptly, as is consistent with the accomplishment of the foregoing purposes;
- b. Prohibit, or regulate transfers or other dealings in private or public securities or real estate or other property;
- c. Establish a general or limited moratorium or moratoria only to the extent clearly necessary to carry out the

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objectives of your military occupation;

d. Close stock exchanges, insurance companies and similar financial institutions for such periods as you deem appropriate.

43. You will prohibit the payment of:

a. All military pensions, or other emoluments or benefits, except compensation for physical disability limiting the recipient's ability to work, at rates which are no higher than the lowest of those for comparable physical disability arising from non-military causes;

b. All public or private pensions or other emoluments or benefits granted or conferred:

(1) By reason of membership in or services to the Political Association of Great Japan, the Imperial Rule Assistance Association (Taisei Yokusankai), the Imperial Rule Assistance Political Society (Taisei Seijikai), their affiliates and agencies or any successor or similar organizations, and all Japanese nationalistic terroristic and secret patriotic societies and their agencies and affiliates,

(2) To any person who has been removed from an office or position in accordance with paragraphs 5 or 40 of this directive,

(3) To any person interned in accordance with paragraph 7 of this directive, during the term of his internment, or permanently in case of his subsequent conviction.

44. a. Any laws, ordinances and regulations or practices relating to taxation or other fields of finance which tend to discriminate for or against any person because of nationality, race, creed or political opinion will be amended, suspended or abrogated to the extent necessary to eliminate such discrimination. The collection of contribu-

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tions of any kind for nationalistic, imperialistic, militaristic or anti-democratic societies of any kind will be prohibited.

b. You will insure that Japanese public expenditures are consistent with the objectives stated elsewhere in this directive.

45. You will impound or block all gold, silver, platinum, currencies, securities, accounts in financial institutions, credits, valuable papers, and all other assets within the categories listed below:

a. Property owned or controlled directly or indirectly, in whole or in part, by any of the following:

(1) The Japanese national, prefectural and local governments, or any agency or instrumentality of any of them, including all utilities, undertakings, public corporations or monopolies under the control of any of the above;

(2) The Governments, nationals, or residents of Germany, Italy, Bulgaria, Rumania and Hungary, including those of territories formerly occupied by them and by Japan;

(3) The Japanese Imperial Household;

(4) The Political Association of Great Japan, the Imperial Rule Assistance Association, the Imperial Rule Assistance Political Society, their affiliates and agencies or any successor or similar organizations, and all Japanese nationalistic, terroristic and secret patriotic societies, agencies and affiliates and their officials, leading members and supporters;

(5) The National Shinto;

(6) All organizations, clubs or other associations prohibited or dissolved by you;

(7) Absentee owners of non-Japanese nationality including United Nations and neutral governments and

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Japanese outside of Japan;

(8) Any person or concern in any area under Japanese control at any time since 1894, except the islands of Honshu, Hokkaido, Kyushu, Shikoku and whatever minor islands are left to Japan;

(9) Persons subject to internment under provisions of paragraph 7, and all other persons specified by Military Government by inclusion in lists or otherwise.

b. All Japanese (public and private) foreign exchange and external assets of every kind and description located within or outside Japan.

c. Property which has been the subject of transfer under duress, wrongful acts of confiscation, dispossession or spoliation, whether pursuant to legislation or by procedure purporting to follow forms of law or otherwise.

d. Works of art of cultural or material value of importance, regardless of ownership.

You will take such action as will insure that any impounded or blocked assets will be dealt with only as permitted under licenses or other instructions which you may issued. In the case particularly of property blocked under a (1) above, you will proceed to adopt licensing measures which maintaining such property under surveillance would permit its use by you or by the licensees in consonance with this directive. In the case of property blocked under c above, you will institute measures for prompt restitution, in conformity with the objectives of this directive and subject to appropriate safeguards to prevent the cloaking of militaristic and other undesirable influence.

You will require from the Japanese Government such reports as you deem necessary to obtain full disclosure of all assets mentioned in b above.

46. You will seek out and reduce to the possession or control of a special agency established by you within your command all

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Japanese (public and private) foreign exchange and external assets of every kind and description located within or outside Japan.

47. All foreign exchange transactions, including those arising out of exports and imports, will be controlled with the aim of preventing Japan from developing a war potential and of achieving the other objectives set forth in this directive. To effectuate these purposes you will:

a. Prohibit, except as authorized by regulation or license, all dealings in gold, silver, platinum, foreign exchange, and all foreign exchange transactions of any kind.

b. Make available any foreign exchange proceeds of exports for payment of imports directly necessary to the accomplishment of the objectives of this directive, and authorize no other outlay of foreign exchange assets without specific approval of your government through the Joint Chiefs of Staff.

c. Establish effective controls with respect to all foreign exchange transactions, including:

(1) Transactions as to property between persons inside Japan and persons outside Japan;

(2) Transactions involving obligations owed by or to become due from any person in Japan to any person outside Japan; and

(3) Transactions involving the importation into or exportation from Japan of any foreign exchange asset or other form of property.

d. You will provide full reports to your government with respect to all Japanese foreign and external assets.

48. No extension of credit to Japan or Japanese by any foreign person, agency or government will be permitted except as may be authorized by your government through the Joint Chiefs of Staff upon your recommendations.

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49. It is not anticipated that you will make credits available to the Bank of Japan or any other bank or to any public or private institution. If, in your opinion, such action becomes essential, you may take such emergency actions as you may deem proper, but in any such event, you will report the facts to your government through the Joint Chiefs of Staff.

50. You will maintain such accounts and records as may be necessary to reflect the financial operations of your military occupation and you will provide the Joint Chiefs of Staff with such information as it may require, including information in connection with the use of currency by your forces, any governmental settlements, occupation costs, and other expenditures arising out of operations or activities involving participation of your forces.

*re Blakelee*CONFIDENTIALCOPY NO. 76FEC 007/823 May 1946FAR EASTERN COMMISSION*19
10 Nov. 45*APPREHENSION AND PUNISHMENT OF WAR CRIMINALS (JAPAN)Note by the Secretary General

1. The enclosure, a United States directive to the Supreme Commander for the Allied Powers on apprehension and punishment of war criminals in Japan, is circulated herewith for the information of the Far Eastern Commission.
2. This directive was forwarded to the Supreme Commander for the Allied Powers on 10 November 1945.
3. A certified copy of this U. S. policy 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.
4. The attention of all concerned is invited to the classification of this document which prohibits the dissemination of the information contained therein to unauthorized persons or to the press

NELSON T. JOHNSON
Secretary General

FEC 007/8

E N C L O S U R E

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10 November 1945

Serial No. 19.

APPREHENSION AND PUNISHMENT OF WAR CRIMINALS (JAPAN)

Position of United States Government is that Tojo, his cabinet, and other persons charged with crimes in category A in paragraph 1 of the policy of the United States in regard to the apprehension and punishment of war criminals in the Far East* should be tried by an international tribunal.

Other Allied signatories to Japanese surrender document have been requested to nominate panel of their nationals for appointment by you as members of such international tribunal. Transmission to the Allied governments of the United States policy * commits the United States to afford such governments a reasonable opportunity to participate in trials by international tribunal. State Department is making further representations to expedite action by other signatories. If the latter delay unduly or do not desire to participate, it is probable that the United States will proceed on a unilateral basis.

Subject to the above, you are already fully authorized to proceed immediately with trial of war criminals for offenses in categories B and C of paragraph 1 of the policy referred to*. Such trials should be held as soon as practicable.

* FEC 007/1

*Mr. Shickner*CONFIDENTIALCOPY NO. 25FEC 032/11 May 1946*20*
*13 Nov. 1945*FAR EASTERN COMMISSIONPOLICY ON JAPANESE IMPORTS-EXPORTSNote by the Secretary General

1. The enclosure, the United States policy on Japanese imports-exports, is circulated for the information of the Far Eastern Commission and is referred herewith to COMMITTEE NO. 2: ECONOMIC AND FINANCIAL AFFAIRS for consideration.

2. A certified copy of this U. S. policy directive, which has been forwarded to the Supreme Commander for the Allied Powers, has been filed with the Commission by the United States Government in accordance with Section III, paragraph 4, of the Terms of Reference.

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

NELSON T. JOHNSON
Secretary General

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Serial No. 20

ENCLOSUREPOLICY ON JAPANESE IMPORTS-EXPORTS

1. The problems of Japanese imports - exports have been considered with the State Department which advises the following policy to be followed with respect to Japanese import - export trade.

Part I. Import - Export Machinery

2. All imports to and exports from Japan will take place initially under your (SCAP) direct control and administration. For the present it is desired that Japanese import and export trade transactions involve no direct contacts between the Japanese Government or Japanese individuals and other government or individuals. You (SCAP) rather than the Japanese Government, will determine quantities and commodities available for export from Japan.

3. In assuming direct control and administration of Japanese imports and exports, you will, among other things:

a. Consider Japanese export proposals and receive upon your demand from appropriate Japanese authorities goods for export at points of shipment which you designate.

b. Consider and recommend import requirements to the War Department as executive for the Joint Chiefs of Staff.

c. Arrange for distribution of imports by delivery at ports of entry to Japanese authorities or by such other means as may be determined by you and hold any payments received by you from all your sales of such imports.

The Japanese Government will be responsible, subject to your supervision, for (a) internal operations necessary to inspection, purchase, collection, and storage of goods for export and the delivery of these goods to designated ports, (b) custody, sale, and distribution of imported goods within Japan, except in cases where you determine other means of distribution are necessary, (c) provision of all funds and conduct of internal financing arrangements necessary to these operations.

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4. The U. S. Commercial Company is the proper agency to be used by you to (a) arrange in accord with government instructions for exports to those recipients who agree to provide necessary imports in exchange or agree to pay for such exports in foreign exchange useable for procuring necessary imports: (b) arrange in accord with government instructions to make proceeds of Japanese exports available for reimbursement to the United States Government for initial financing of supplies under paragraph 6 a and 6 b below; (c) arrange in accord with government instructions to procure approved imports under paragraph 6 c below and to make proceeds of Japanese exports available to pay for such imports.

Part II. Types of Imports and Methods of Procurement and Financing

5. It is United States policy that Japanese Government will ultimately pay for all imports. It is also United States policy that the United States Government will use foreign exchange available from proceeds of Japanese exports to make ultimate payment for imports which are required by you (SCAP) or for which you recommend you should assume responsibility, as set out below in paragraphs 6 a and 6 b. However, if the United States Government finds that initially no Japanese foreign exchange or other assets exist with which Japanese can pay for approved imports which are required by you or for which you recommend you should assume responsibility, as set out below in paragraphs 6 a and 6 b, War Department will undertake procurement and initial financing of such imports.

6. The civilian supply and relief portion of the Basic Directive for Post-Surrender Military Government in Japan Proper* contemplates three types of imports into Japan from standpoint of procurement and financing action thereon as follows:

a. Supplies under paragraph 29 b required by you to discharge your responsibility "to prevent such widespread disease or civil unrest as would endanger the occupying forces or interfere with military operations". Requirements for such supplies will be submitted by you to War Department for consideration and approval and to the extent approved, War

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Department would assume responsibility for procurement and initial financing in absence of Japanese ability to pay therefor and shipment would be made against your requisition.

b. Supplies under paragraph 29 d required by you in addition to those under a above for which you deem that you should assume responsibility in order "to accomplish the objectives of your occupation". Requirements for these additional supplies will be submitted with your recommendations to War Department as executive for the Joint Chiefs of Staff for consideration in coordination with other governmental agencies and to the extent they are approved and responsibility therefor assumed by United States as a matter of governmental policy, War Department would assume responsibility for procurement and initial financing in absence of Japanese ability to pay therefor and supplies would be shipped against your requisition, insofar as funds may be available.

c. Supplies which you do not consider are required to be imported by you under a or b above, but which the Japanese desire to import to meet needs of Japanese economy. It would be the responsibility of the Japanese Government to pay for such imports and no procurement or initial financing of such supplies would be undertaken by War Department. Requirements must be submitted here for approval with your recommendations prior to use of proceeds of exports to pay for such imports. No such imports will be permitted until such time as it is possible to appraise more accurately than can be done at present Japan's foreign trade position and amount of proceeds of exports required to pay for imports under a and b above.

7. Decision as to availability of proceeds of exports and the use thereof to pay for any imports into Japan will for the present be made here after considering your recommendations. Subject to paragraph 8 below, until position regarding amount of proceeds of exports is clarified, War Department will procure and initially finance approved requirements within paragraph 6 a and b above, subject to availability of funds as set forth in 6 b above.

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8. Procurement by War Department of supplies required under paragraphs 6 a and 6 b is subject to your implementation of paragraph 29 c of Basic Directive for Post-Surrender Military Government in Japan Proper*. All imports, procurement of which is to be effected under paragraph 29 c, must be approved by the War Department prior to procurement. However, you are authorized to proceed to investigate available sources of supply in other Asiatic and Pacific Ocean areas and to consider the means of payment necessary to obtain any available surpluses. If surpluses available you should, if possible, report the sources at the time of submitting the requirements together with proposed method of payment for such surpluses.

9. Until contrary advice received from you, it is assumed that imports desired by the Japanese Government do not fall under category of 6 a or 6 b and are not considered as being required to be imported by you.

10. The United States Government will authorize payment for imports not procured with United States funds only by exports approved in accordance with paragraph 11 below or the proceeds thereof.

Part III. Exports

11. Before any binding arrangements are made by you (SCAP) for export of supplies from Japan, a statement of the quantities and commodities available for export which such detailed specifications as are possible should be submitted here for consideration and approval. Such statement should include any barter or trade arrangements which you are in a position and desire to recommend with respect to such exports. Consideration and approval of exports here is necessary as an interim measure to deal with problems arising out of disposition of world surplus goods and allocation of goods in short world supply, pending establishment through intergovernmental negotiations of other machinery.

12. Decision concerning commodities required by United States from Japan will be made on ad hoc basis in light of:

*FEC 015

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- a. Your advice concerning availabilities from current production or stocks on hand, and
- b. Spot decisions by appropriate civilian agencies concerning domestic needs.

13. Shipments of commodities from Japan to other occupied areas are to be considered as commercial exports from Japan and such exports will be used to provide a credit in acceptable foreign exchange or commodities for import into Japan.

CONFIDENTIALCOPY NO. 65FEC 03526 March 1946FAR EASTERN COMMISSIONPOLICY WITH RESPECT TO FISHING AND
AQUATIC INDUSTRIES IN JAPANNote by the Secretary General

1. The statement of United States policy with respect to fishing and aquatic industries in Japan, which was circulated for the information of the Far Eastern Advisory Commission as FEAC 11, is circulated, at the request of the United States Delegate, for the consideration of the Far Eastern Commission and is referred to COMMITTEE NO. 2: ECONOMIC AND FINANCIAL AFFAIRS.

2. The United States Government has dispatched the policy to the Supreme Commander for the Allied Powers for his guidance.

3. It is requested that this cover page be substituted for the cover page on FEAC 11.

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

NELSON T. JOHNSON
Secretary General

FEC 035

20 A

SECRETENCLOSURESTATEMENT OF UNITED STATES POLICY
WITH RESPECT TO FISHING AND AQUATIC INDUSTRIES IN JAPAN

During the period of occupation, the Supreme Commander should be guided, subject to military considerations, by the following general principles:

a. In order to meet domestic consumption requirements, the Supreme Commander should:

(1) Insist that appropriate available vessels, facilities, gear, equipment and supplies in Japanese hands be put to use;

(2) Take such steps as he may deem practical and necessary to provide sufficient fuel for allocation to fishing boats;

(3) Require the Japanese Government to rehabilitate the production facilities of the fishing, fish fertilizer and seafood processing industries, and facilities for distribution of their products; and

(4) Furnish such other assistance, subject to general policies governing aid to Japanese industry, as he deems necessary.

b. The coastal fisheries and fish culture should be utilized as the primary sources for domestic consumption. To the extent that fish culture and coastal fisheries are unable to meet the minimum domestic requirements, deep sea fisheries and other fisheries in water open to Japanese operation may be utilized where security and political considerations permit. Deep sea fishing in areas near United States territory or near United States island responsibilities should not be authorized. Japanese fishing should not be permitted near areas under Allied jurisdiction without prior permission from the country concerned. These prohibitions should continue until international agreements are negotiated permitting Japanese fishing in these areas.

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c. In order to determine (1) the effect on Japanese food supply of restrictive measures enforced for security or other reasons, and (2) the extent to which the United States and other nations should be permitted to exploit fisheries previously exploited by the Japanese, the Supreme Commander should immediately obtain from the Japanese Government available surveys and other data concerning the resources of all Pacific fishing areas previously exploited by the Japanese.

d. Japanese fishing operations should conform strictly to:

(1) The provisions of agreements relating to whaling to which the United States is a party;

(2) The provisions of other agreements relating to conservation to which the United States is a party;

(3) The policies or rules governing specific fisheries announced by the United States, or by other governments in conformity with policies announced by the United States with respect to coastal fisheries;

(4) The Japanese national and local regulations for the conservation of fisheries.

e. Such fishery products may be exported as can be produced by vessels, facilities, gear, equipment and supplies not suitable for or convertible to use in providing for domestic consumption, and which are needed (1) to supply United Nations needs for animal proteins and oils or (2) to secure foreign exchange for essential imports.

f. In the establishment of local security regulations consideration should be given to ensuring the maximum production of seafood products consistent with security requirements.

CONFIDENTIALCOPY NO. 72FEC-047/126 April 194621
26 Nov. 45FAR EASTERN COMMISSIONDISPOSITION OF CAPTURED JAPANESE MERCHANT VESSELSNote by the Secretary General

1. The enclosure, the United States policy with regard to the disposition of captured Japanese merchant vessels, is circulated herewith for the information of the Far Eastern Commission and is referred to COMMITTEE NO. 1: REPARATIONS and COMMITTEE NO. 2: ECONOMIC AND FINANCIAL AFFAIRS for consideration.

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

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

NELSON T. JOHNSON
Secretary General

FEC-047/1

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ENCLOSURE

DISPOSITION OF CAPTURED JAPANESE MERCHANT VESSELS

The Joint Chiefs of Staff have studied the most effective and expeditious method of divesting the interest of Japanese nationals in Japanese merchant vessels and consider the following procedure as the most effective:

- a. The Supreme Commander for the Allied Powers should direct the Japanese Government to requisition the title of all Japanese merchant vessels which it is desired be appropriated and then transfer the requisitioned interest to the Supreme Commander. The Supreme Commander is to receive and hold such interest in behalf of the United Nations. This transfer of interest is to be regarded as being without prejudice to agreements ultimately to be made among the Allied governments concerned as to disposition of title to such vessels.
- b. The treaty of peace should contain an appropriate provision ratifying this transfer of interest.
- c. Prize proceedings should be initiated in particular cases where difficulty or uncertain ownership appears.

FEC 03422 March 1946FAR EASTERN COMMISSIONDISPLACED PERSONS IN JAPANNote by Secretary General

1. The United States statement of policy regarding displaced persons in Japan, which was circulated to the Far Eastern Advisory Commission as FEC 15, is circulated for the information of the Far Eastern Commission at the request of the United States Delegate and is referred to COMMITTEE NO. 6: ALIENS IN JAPAN.

2. This statement of United States policy has been forwarded to the Supreme Commander for the Allied Powers for his guidance.

3. It is requested that this cover page be substituted for the cover page on FEC 15 and the enclosed pages 3 and 5 be substituted for pages 3 and 5 therein.

NELSON T. JOHNSON
Secretary General

FEC 034

22
7 Dec. 1945
31
24 Feb. 1946

RESTRICTED

E N C L O S U R E

UNITED STATES STATEMENT OF POLICY REGARDING
DISPLACED PERSONS IN JAPAN

1. The major United States policies in regard to displaced persons in Japan are that:

a. Persons of non-Japanese nationality, including Formosan-Chinese and Koreans, should be repatriated if they so desire as early as possible except such persons who are held as war criminals or for security reasons; and

b. Subject to the general control of the Supreme Commander, the Japanese authorities should be held responsible for the care, safety and welfare of such persons and for their transportation to ports of embarkation.

2. To carry out these policies, the following steps should be taken:

a. Neutral Nationals. All nationals of neutral nations should be required to register with the appropriate military authorities and their respective governments should be notified as to the location and status of these persons. All nationals of neutral nations who have actively participated in any way in the war against one of the United Nations should be arrested for disposition in conformity with other instructions. Neutral nationals should be accorded no special privileges of communications or business relations with their home countries or people resident outside Japan. The persons, archives, and property of diplomatic and consular officials of neutrals should be accorded full protection.

b. United Nations Nationals.

(1) Civilians who are nationals of the United Nations should be, except as noted below, repatriated, if they so desire. All such civilians resident or interned in

RESTRICTED

Japan should be identified, examined closely and, if the Supreme Commander deems it advisable, placed in custody or restricted residence. Any such person who has played an active part in the formulation or execution of the Japanese program of aggression or who is believed to be desired by his government as a renegade or quisling should be held for disposition in accordance with applicable directives.

(2) No person of Japanese race claiming U.S. citizenship should be repatriated except upon conclusive evidence that he had consistently asserted U.S. citizenship throughout the period of hostilities, including evidence supplied by records of the Swiss representative in Japan in charge of United States interests, and against whom there is no suspicion of having collaborated with the enemy.

(3) Persons of Japanese race claiming citizenship of any other nation should be repatriated only upon concurrence of the government of such nation.

c. Stateless persons, Central European refugees from Nazi oppression and Italian non-Fascists should be assimilated in treatment to United Nations nationals, providing such persons have not supported the Axis cause.

d. Responsibilities of the Japanese Authorities.

Measures should be taken on behalf of United Nations nationals and neutrals to insure the health, welfare and transportation to a port from which they may embark for transoceanic destinations, and should, in so far as practicable, be the responsibility of the Japanese Government. Any deficiencies resulting in the carrying out of these measures in respect to United Nations nationals should be supplied by the Supreme Commander and the cost thereof should be charged to the Japanese Government. Repatriation from such a port should be provided in

accordance with appropriate arrangements between the governments concerned.

e. Political, Racial and Religious Prisoners. Prisoners of non-Japanese nationality found held by the Japanese should be examined for identification and their records reviewed for determination of the cause of detention. All those found to be detained solely on political, racial or religious grounds, should be released except those whom the Supreme Commander decides to hold for security reasons. Those detained should be given prompt trial.

f. Non-Japanese Enemy Nationals.

(1) All nationals of countries except Japan with which any of the United Nations are or have been at war in World War II (Bulgaria, Finland, Germany, Hungary, Italy, Rumania and Siam) should be identified and registered and may be interned or their activities curtailed as may be necessary under the circumstances. Diplomatic and consular officials of such countries except those identified as loyal to the cause of the United Nations should be taken into honorable custody, held for investigation, and thereafter repatriated in accordance with the provisions of subparagraphs (2), (3), (4) and (5) below.

Property, real and personal, owned or controlled by persons who have been detained or arrested under the provisions of the foregoing paragraph should be taken under control pending directions as to its eventual disposition.

(2) Those non-Japanese enemy nationals who were known as agents or propagandists of Nazism and Fascism (including research experts and students, scientifically skilled persons, persons holding administrative posts in commerce or government and all those who sought repatriation to enemy countries during the period of hostilities) should be interned and, after confirmation and agreement by the appropriate authorities in their home countries, repatriated.

RESTRICTED

(3) Those non-Japanese enemy nationals not subject to internment and repatriation should be given their freedom unless internment is necessary for their protection.

(4) The voluntary repatriation of enemy or ex-enemy nationals of non-Japanese nationality not subject to forceable repatriation should be permitted.

(5) Transportation to a port of embarkation for trans-oceanic destination should be at the expense of Japan and repatriation therefrom should be provided in accordance with appropriate arrangements between the governments concerned.

g. Formosan-Chinese and Koreans.

(1) The Supreme Commander should treat Formosan-Chinese and Koreans as liberated people in so far as military security permits. They are not included in the term "Japanese" as used in this paper but they have been Japanese subjects and may be treated, in case of necessity, as enemy nationals. They should be identified as to nationality, place of residence and present location. They may be repatriated if they so desire under such regulations as the Supreme Commander may establish. However, priority will be given to the repatriation of nationals of the United Nations.

The Supreme Commander, if he finds it necessary, should direct the repatriation of Formosan-Chinese and Koreans and coordinate such repatriation with the repatriation of Japanese nationals from Formosa and Korea.

(2) Arrangements for the repatriation of Formosan-Chinese should be made with the government of China by the United States Government.

(3) Pending completion of arrangements for the repatriation of Koreans formerly resident in Korea north of 38° North Latitude, between the Soviet Union and the United States, the Supreme Commander, if he finds it

necessary, may repatriate such Koreans to that part of Korea south of 38° North Latitude.

(4) When arrangements have been entered into as indicated in subparagraphs (2) and (3) above, and subject to such arrangements, the Supreme Commander should permit voluntary repatriation of Formosan-Chinese and Koreans and may direct their repatriation if he deems such action necessary. Priority, however, should be given to the repatriation of nationals of the United Nations.

(5) Formosan-Chinese and Koreans should be protected from hostile Japanese elements. The Supreme Commander should insure that the Japanese authorities make adequate provision in fact for the care, safety and welfare of Formosan-Chinese and Koreans pending their repatriation.

h. Protection of Property.

(1) Within such limits as are imposed by the military situation, the Supreme Commander should take all reasonable steps necessary to preserve and protect the property of United Nations Nationals in Japan.

(2) Record of wages, bank deposits and ownership of securities and other personal property of all non-Japanese displaced persons should be preserved.

i. Return to Homes in Japan.

(1) Non-Japanese displaced persons having homes in Japan and not held as war criminals or for security reasons, should be permitted to return to their homes as soon as conditions permit.

(2) The care and return to their homes or other disposition of Japanese displaced persons should be the responsibility of the Japanese authorities subject to the supervision and control of the Supreme Commander. Such operations should be at the expense of Japan and there

RESTRICTED

should be no provision of supplies or services for this purpose except from Japanese sources.

j. Use of UNRRA and Voluntary Agencies. UNRRA and private relief agencies may be used at the discretion of the Supreme Commander wherever available in the care and repatriation of United Nations nationals and those assimilated to them in treatment.

CONFIDENTIALCOPY NO. 72FEC 040/126 April 1946FAR EASTERN COMMISSIONEXAMINATION OF FOREIGN BANKS IN JAPANNote by the Secretary General

1. The enclosure, the policy of the United States with regard to the examination of foreign banks in Japan, is circulated for the information of the Far Eastern Commission and is referred to COMMITTEE NO. 2: ECONOMIC AND FINANCIAL AFFAIRS for consideration.

2. A certified copy of this policy directive, which has been forwarded 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.

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

NELSON T. JOHNSON
Secretary General

CONFIDENTIAL

ENCLOSUREEXAMINATION OF FOREIGN BANKS IN JAPAN

State, War, Navy and Treasury Departments agree that it is desirable to postpone temporarily liquidation of puppet and foreign banks in Japan as it would necessitate having representatives of foreign governmental or private financial or business interest participate in the examination and liquidation of business enterprises of any kind in Japan. View here is that examination should be permitted only in case of military necessity. Except in such cases, we prefer to await intergovernmental decisions possibly through Far Eastern Advisory Commission, concerning authorization of foreign representation for these purposes. To avoid misunderstanding similar attitude must be taken toward examination and liquidation of U. S. private financial or business interests. This decision should not delay steps your command is taking or contemplates taking in carrying out paragraphs 41 and 42 of Basic Directive for Post-Surrender Military Government in Japan Proper*. Requests by foreign governments or their nationals to enter Japan for the purpose of examination or assisting in the liquidation of their banks or other interests shall be forwarded to Washington for action through normal diplomatic channels.

If representatives of Bank of China have already arrived in Japan they should not be permitted access to the various Chinese banks at this time. State Department will explain to Chinese Government reasons for this.

*FEC 015

FEC 040/1

CONFIDENTIALCOPY NO. 72FEC 05026 April 1946FAR EASTERN COMMISSIONDELIVERY OF NAVAL BUOYS TO THE BRITISH FOR USE IN
HONG KONG HARBORNote by the Secretary General

1. The enclosure, a United States directive to the Supreme Commander for the Allied Powers on the delivery of naval buoys to the British for use in Hong Kong harbor, is circulated for the information of the Far Eastern Commission, and is referred to COMMITTEE NO. 1: REPARATIONS for consideration.

2. A certified copy of this U. S. directive, which has been forwarded to the Supreme Commander for the Allied Powers, has been filed with the Commission by the United States Government in accordance with Section III, paragraph 4, of the Terms of Reference.

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

NELSON T. JOHNSON
Secretary General

CONFIDENTIAL

E N C L O S U R EDELIVERY OF NAVAL BUOYS TO THE BRITISH FOR USE
IN HONG KONG HARBOR

The 12 Naval buoys with moorings requested by the British from Japanese naval stocks at Sasebo may be delivered to the British for use in Hongkong Harbor in return for a receipt which states clearly that appropriate Inter-Allied authorities will decide at a future date whether the buoys shall be considered to be advance deliveries of equipment on reparations account or whether SCAP shall be reimbursed for their fair value.

CONFIDENTIALCOPY NO. 68FEC 03928 March 1946FAR EASTERN COMMISSIONTREATMENT OF JAPANESE WORKERS' ORGANIZATIONSNote by the Secretary General

1. The recommendations on the subject of the Treatment of Japanese Workers' Organizations, submitted by the United States Delegation, which was circulated to the Far Eastern Advisory Commission as FEC 18, is herewith circulated for the information of the Far Eastern Commission and is referred to COMMITTEE NO. 2: ECONOMIC AND FINANCIAL AFFAIRS for its consideration.

2. It is requested that this cover page be substituted for the cover page on FEC 18 and the classification changed to Confidential.

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

NELSON T. JOHNSON
Secretary General

FEC 039

SECRETENCLOSURETREATMENT OF JAPANESE WORKERS' ORGANIZATIONS

1. The Japanese Government should issue a general proclamation recognizing the freedom of industrial and agricultural workers to join trade unions or other organizations of their choice for purposes of improving their terms and conditions of employment and mutual protection.

2. Legislative steps should be taken to provide legal safeguards for workers' organizations in the carrying out of legitimate trade union functions.

3. In consideration of the importance both from a political and economic viewpoint of encouraging the formation of democratic Japanese workers' organizations, the occupation authorities, in their own employment and labor policies, should when conditions warrant give positive encouragement to the development of labor organizations.

4. The trade unions should have the right of free assembly, speech and press, and access to broadcasting facilities on a nondiscriminatory basis provided only that such assembly, speech, or writing does not interfere with military necessity or public security.

5. The Japanese Government should abrogate all laws and other regulations which prevent or have the effect of preventing (a) the free organization of trade unions for the purposes of improving wages, hours and working conditions and the rendering of mutual assistance; and (b) the performance of other legitimate activities directed to these ends. The following laws are specifically ~~recommended~~ recommended for immediate abrogations if such action has not already been taken, together with any subsequent amendments and additions:

S E C R E T

a. Peace Preservation Law (Jian Iji-ho) of 1941.

b. The Protective Surveillance for Thought Offenses Law (Shiso-han Hogo Kansatsu-ho) and The Regulations Relative to the Protective Surveillance for Thought Offenses Law (Shiso-han Hogo Kansatsu-ho ni kansuru kisaku), both of 1936.

c. Articles 4, 6 and 7 of the National Mobilization Act (Kokka Sodo-in-ho) of 1938 as revised in 1941.

d. Articles 3 and 8 of the Public Peace Police Law (Jian Keisatsu-ho) of 1900 as amended in 1922, 1926 and 1941.

e. Paragraphs 3 and 4 of Article 1, and paragraphs 5 and 31 of Article 2 of the Police Crimes Punishment Ordinance (Keisatsu-han Shobatsu-rei) of 1908, as amended in 1919.

f. The Factory and Workshop Supervision Ordinance (Kojo Jigyo Kanri-rei) of March, 1944.

6. Persons who have been imprisoned because of activity or "thought" in connection with trade unions and other labor organization activity should be released as promptly as proper examination procedure permits.

7. Any patriotic workers' organizations or their affiliates, such as the Patriotic Industrial Associations, which have not already been abolished, should be dissolved.

8. As soon as workers' organizations are formed in consonance with principles established in paragraph 3 they should be encouraged to bargain collectively with employers regarding the terms of employment, subject to such policies on wages, hours and working conditions as are established by the Japanese Government.

9. The Japanese Government should establish conciliation machinery for dealing with industrial disputes that cannot be

S E C R E T

settled by direct and voluntary negotiation between the worker or his representative and the employer.

10. Strikes and other work stoppages should be prohibited only when the occupation authorities consider that such stoppages would interfere with military operations or military security or directly prejudice the objectives or needs of the occupation.

11. Japanese Government agencies which have been set up or have functioned for the purpose of or in such a way as to obstruct free labor organization and legitimate trade union activities should be abolished or their powers in respect to labor revoked, and all individuals who have been directly connected in a responsible capacity with the obstruction or repression of trade union organization or activity should be declared ineligible for employment in labor agencies or as mediators, conciliators or arbitrators.

*m. Slickover*SECRETCOPY NO. 65FEC-0116 March 1946FAR EASTERN COMMISSIONINTERIM PROCEDURES FOR RESTITUTION
OF IDENTIFIABLE LOOTED PROPERTYNote by the Secretary General

1. The enclosure, the Policy of the United States regarding Interim Procedures for Restitution of Identifiable Looted Property Found Within Japan, is circulated for the information and consideration of the Far Eastern Commission,

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

NELSON T. JOHNSON
Secretary General

FEC0011

SECRETE N C L O S U R E

STATEMENT OF UNITED STATES POLICY
REGARDING REQUEST FROM CHINESE FOR RETURN OF DREDGER
CHIEN SHO AND LIGHT CRUISER YAT SEN: INTERIM PROCEDURES FOR
RESTITUTION OF IDENTIFIABLE LOOTED PROPERTY FOUND WITHIN JAPAN.

1. For the time being the government of any of the United Nations at war with Japan should be permitted to take delivery, at a point in Japan designated by the SCAP, of property (with the exception of gold and other precious metals, tin, precious gems, foreign exchange and other securities, and ships and waterborne craft of all kinds) looted from it or from any of its nationals by the Japanese Government, Japanese armed forces or Japanese nationals, provided that:

a. Request for such restitution, accompanied by available evidences of ownership, has been presented by such government to the United States Government for transmission to SCAP.

b. The SCAP is satisfied (a) as to the identification of such property: and (b) that such claimed items come under the following definition of looted property restitutable from Japan, i.e., that they were removed from areas under occupation by Japanese armed forces subsequent to the date of such occupation (but not earlier than July 7, 1937), and that they were owned by the government or nationals of the claimant nation at the time when the Japanese Government, armed forces, or nationals took possession thereof. The question of payment, if any, by the Japanese at the time of acquisition should be disregarded.

c. The SCAP does not deem the employment of such property within Japan necessary for the requirements of the occupying forces or for the accomplishment of the objectives of the occupation.

d. Proper receipt has been furnished to SCAP upon delivery, together with an undertaking on the part of the claimant government to make appropriate equitable adjustment and abide by final inter-Allied decision in respect of any conflicting claims to such property that may be made by other nations or their nationals.

CONFIDENTIALCOPY NO. 22FEC 05126 April 1946FAR EASTERN COMMISSIONAGREEMENT AS TO PARTICIPATION OF BRITISH
COMMONWEALTH FORCE IN OCCUPATION OF JAPANNote by the Secretary General

1. The enclosure, A United States directive to the Supreme Commander for the Allied Powers relative to the agreement for participation of a British Commonwealth Force in occupation of Japan, is circulated for the information of the Far Eastern Commission, and is referred to the STEERING COMMITTEE for consideration.
2. A certified copy of this U. S. directive, which has been forwarded 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.
3. The attention of all concerned is invited to the classification of this document which prohibits the dissemination of the information contained therein to unauthorized persons or to the press.

NELSON T. JOHNSON
Secretary General

FEC 051

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E N C L O S U R EAGREEMENT AS TO PARTICIPATION OF BRITISH
COMMONWEALTH FORCE IN OCCUPATION OF JAPAN

State Department advises that on 24 January 1946 agreement was consummated between United States and Australia, acting on behalf of Governments of United Kingdom, Australia, New Zealand and India, for participation of a British Commonwealth Force (approximately 43,600) in occupation of Japan on basis of arrangements made between you and General Northcott on 18 December 1945. Provision whereby Australian Government agrees to reduce size of force from time to time in conformity with future progressive reductions of U. S. forces in Japan has been specifically accepted by Australia. Additional provision makes size of force subject to reexamination in light of future arrangements for participation of Chinese or Soviet forces.

You are directed to accept and to perfect further details concerning the British Commonwealth Force in accordance with the above agreement.

FEC 051

CONFIDENTIALCOPY NO. 72FEC 0521 May 1946FAR EASTERN COMMISSIONCONVOKING THE ALLIED COUNCIL FOR JAPANNote by the Secretary General

1. The enclosure, a United States directive to the Supreme Commander for the Allied Powers, is circulated for the information of the Far Eastern Commission.

2. A certified copy of this U. S. directive, which has been forwarded to the Supreme Commander for the Allied Powers, has been filed with the Commission by the United States Government in accordance with Section III, paragraph 4, of the Terms of Reference.

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

NELSON T. JOHNSON
Secretary General

FEC 052

CONFIDENTIAL

Serial No. 28

E N C L O S U R ECONVOKING THE ALLIED COUNCIL FOR JAPAN

State, War and Navy Departments advise that U. S. Government considers that it would be impracticable to organize Allied Council until Far Eastern Commission is functioning in Washington.

Following, received from Departments, is for your (SCAP) guidance:

1. The State Department will obtain from the governments concerned and will furnish to you the names of other representatives on the Allied Council for Japan.
2. When the Far Eastern Commission is functioning in Washington, you will be informed so that you, as chairman, may convene the first meeting of the Allied Council for Japan.
3. If the representatives designated by Russian, Chinese and British Commonwealth Governments are in Tokyo, you should invite them by direct communication to participate in first meeting. If they have not yet arrived in Tokyo, your invitation should be forwarded to the Joint Chiefs of Staff in order that State Department may forward it to governments concerned.

CONFIDENTIALCOPY NO. 72FEC 0531 May 1946FAR EASTERN COMMISSIONCONTROL OF YEN CURRENCY HELD BY SUPREME COMMANDER
FOR THE ALLIED POWERS FOR USE OF FORCES UNDER
HIS COMMANDNote by the Secretary General

1. The enclosure, a United States directive to the Supreme Commander for the Allied Powers, is circulated herewith for the information of the Far Eastern Commission and is referred to COMMITTEE NO. 2: ECONOMIC AND FINANCIAL AFFAIRS for consideration.
2. A certified copy of this U. S. directive, which has been forwarded to the Supreme Commander for the Allied Powers, has been filed with the Commission by the United States Government in accordance with Section III, paragraph 4, of the Terms of Reference.
3. The attention of all concerned is invited to the classification of this document which prohibits the dissemination of the information contained therein to unauthorized persons or to the press.

NELSON T. JOHNSON
Secretary General

FEC 053

CONFIDENTIAL

Serial No. 29

E N C L O S U R E

CONTROL OF YEN CURRENCY HELD BY SUPREME COMMANDER FOR
FOR THE ALLIED POWERS FOR USE OF FORCES UNDER HIS
COMMAND

It is desired that functions of present Yen Currencies Division, Office of the Fiscal Director, GHQ AFPAC, relative to control of supplies of yen currencies for use of your (SCAP) forces be transferred to appropriate section of your headquarters, for example, to a Financial Division of present Economic and Scientific Section your headquarters.

CONFIDENTIAL

FEC 011/7

2 May 1946

M. Dickerson
COPY NO. 72

30
22 Feb. 46

FAR EASTERN COMMISSION

INTERIM PROCEDURES FOR RESTITUTION OF LOOTED PROPERTY
FOUND IN JAPAN

Note by the Secretary General

1. The enclosure, the United States policy regarding interim procedures for restitution of looted property found in Japan, is circulated herewith for the information of the Far Eastern Commission and is referred to COMMITTEE NO. 1: REPARATIONS.
2. A certified copy of this U. S. policy, which has been forwarded to the Supreme Commander for the Allied Powers, has been filed with the Commission by the United States Government in accordance with Section III, paragraph 4, of the Terms of Reference.
3. The attention of all concerned is invited to the classification of this document which prohibits the dissemination of the information contained therein to unauthorized persons or to the press.

NELSON T. JOHNSON
Secretary General

FEC 011/7

CONFIDENTIAL

Serial No. 30

ENCLOSUREINTERIM PROCEDURES FOR RESTITUTION OF LOOTED PROPERTY
FOUND IN JAPAN

The following received from State, War and Navy Department is forwarded for your (SCAP) guidance. Chinese requests for return of dredger CHIEN SHO and light cruiser YAT SEN are approved. However, return of cruiser is subject to decision by you that it is not required for accomplishment of essential objectives of your mission. You may permit authorized agent of Chinese Government to man and take possession of these two vessels at points designated by you, upon your receipt and undertaking on the part of the Government of China to make appropriate equitable adjustment or abide by final inter-Allied decision in respect of any conflicting claims to these vessels that may be made by other nations or their nationals.

The following directive approved by the State, War and Navy Departments will supplement paragraph 28 of Basic Directive for Post-Surrender Military Government in Japan Proper* and will apply for the time being pending inter-governmental concurrence in policies and procedures as to restitution.

You (SCAP) will require the Japanese Government to effect prompt restitution of identifiable looted property of the United Nations at war with Japan providing:

- A. That request for restitution, accompanied by all available evidences of ownership, has been presented to U. S. Government through normal diplomatic channels by a United Nations Government at war with Japan representing claimant individuals, corporations, or official agencies, and has been transmitted to you by the Joint Chiefs of Staff; except that Allied powers having in Japan representatives authorized to act for their government in matters relating to restitution will submit such request directly to you through such representatives.

*FEC 015

FEC 011/7

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B. That you (SCAP) are satisfied (1) that you have located and identified the items claimed, (2) that such claimed items were removed from areas occupied by Japanese armed forces subsequent to the date of such occupation (but not earlier than 7 July 1937) and (3) that such claimed items were owned by the government or nationals of the claimant nation at the time when the Japanese Government, armed forces or nationals took possession of them;

C. That you (SCAP) do not deem the employment of such property within Japan to be necessary for the requirements of your forces or for the accomplishment of the objectives of the occupation;

D. That the claimant government accepts delivery of such property at such point as is designated by you;

E. That proper receipt is furnished to you (SCAP) upon delivery together with an undertaking on the part of the claimant government to make appropriate equitable adjustment and abide by final inter-Allied decision in respect of any conflicting claims to such property that may be made by other nations or their nationals.

When you (SCAP) are not satisfied that foregoing conditions have been met, you are authorized to withhold disposition of the claimed property in your discretion pending consideration of the matter by an appropriate inter-Allied agency or by the interested governments.

Ships and waterborne craft, gold and other precious metals, tin, precious gems and foreign exchange and other securities are excluded from the foregoing directive, and will be covered by separate directives now being prepared.

Desired that you (SCAP) recommend appropriate arrangements to permit representatives of nations occupied by the Japanese to engage in investigations within Japan directed towards location or identification of looted property.

*Mr. Dechance*CONFIDENTIALCOPY NO. 72FEC 056/114 May 194632
24 Feb. 46FAR EASTERN COMMISSIONINTERIM PROCEDURES FOR SUPPLYING YEN
TO REPRESENTATIVES OF ALLIED GOVERNMENT
IN JAPANNote by the Secretary General

1. The enclosure, a United States directive to the Supreme Commander for the Allied Powers on interim procedures for supplying yen to representatives of Allied Government in Japan, is circulated for the information of the Far Eastern Commission and is referred to COMMITTEE NO. 2: ECONOMIC AND FINANCIAL AFFAIRS for consideration.

2. A certified copy of this U. S. directive, which has been forwarded to the Supreme Commander for the Allied Powers, has been filed with the Commission by the United States Government in accordance with Section III, paragraph 4, of the Terms of Reference.

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

NELSON T. JOHNSON
Secretary General

FEC 056/1

CONFIDENTIAL

Serial No. 32

E N C L O S U R EINTERIM PROCEDURES FOR SUPPLYING YEN TO
REPRESENTATIVES OF ALLIED GOVERNMENT IN JAPAN

The following received from the State, War and Navy Departments regarding advances of yen to Far Eastern Commission or any other authorized Allied commission, official missions, and Allied Governments for their occupation troops in Japan is furnished for your guidance:

1. You are authorized to advance yen to meet expenses incurred in Japan by Far Eastern Commission or any other authorized Allied commission and national delegations comprising the commissions. Such yen will be obtained by Far Eastern Commission or any other authorized Allied commission and their national delegations from appropriate section your command against receipt. Far Eastern Commission or any other authorized Allied commission and their national delegations shall keep records showing in appropriate detail purposes for which yen expended and shall provide you with detailed monthly statements of their yen expenditures. Far Eastern Commission or any other authorized Allied commission should inform your headquarters monthly of general administrative expenditures of Far Eastern Commission or any other authorized Allied commission, together with allocation of expenditure among their national delegations.

2. It is anticipated that missions assigned to your staff, for example Textile Mission, will incur official expenses payable in yen which constitute expenditures properly chargeable to occupation cost. You are authorized advance yen funds for necessary official expenses to head each such mission, against appropriate receipt supported in adequate detail.

C O N F I D E N T I A L

3. You are authorized to furnish yen currency requested by Allied Governments for their occupation forces in Japan, through the Finance Division of your Military Government Sections for Japan and Korea respectively, against receipt.

4. You should maintain record of all yen advances and report monthly to Joint Chiefs of Staff both total amount and breakdown of yen currency furnished by you under this authorization.

5. In event yen amounts requested by any national delegations of Far Eastern Commission or any other authorized Allied commission, head of mission, or Allied government for its occupation forces in Japan should appear excessive, it is requested that you refer matters to Joint Chiefs of Staff together with your recommendation.

*Mr. Dickson*CONFIDENTIALCOPY NO. 72FEC 017/23329 April 194627 Feb. 46FAR EASTERN COMMISSIONDISPOSITION OF COMBATANT VESSELS OF THE JAPANESE
NAVYNote by the Secretary General

1. The enclosure, the United States policy with regard to the disposition of combatant vessels of the Japanese Navy, is circulated herewith for the information of the Far Eastern Commission, and is referred to COMMITTEE NO. 7: DISARMAMENT OF JAPAN for consideration.

2. A certified copy of this U. S. policy directive, which has been forwarded to the Supreme Commander for the Allied Powers, has been filed with the Commission by the United States Government in accordance with Section III, paragraph 4, of the Terms of Reference.

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

NELSON T. JOHNSON
Secretary General

CONFIDENTIAL

ENCLOSUREDISPOSITION OF COMBATANT VESSELS OF THE JAPANESE NAVY

The State, War, Navy Departments have advised Joint Chiefs of Staff that with the exception of destroyers and surface vessels of lesser tonnage the Supreme Commander for the Allied Powers may proceed to destroy all combat vessels of the Japanese fleet, in such manner and at such time or times and place or places as he deems advisable.

The Supreme Commander for the Allied Powers is authorized and directed to proceed with the implementation of the above policy taking into account his temporary use of such vessels for repatriation and other services.

*Mr. Dickson*CONFIDENTIALCOPY NO. 72FEC 017/329 April 1946341 Mar. 46FAR EASTERN COMMISSIONSPECIAL DIRECTIONS FOR THE DISPOSITION OF CAPTURED
JAPANESE EQUIPMENTNote by the Secretary General

1. The enclosure, the United States policy with respect to disposition of Japanese equipment captured in Japan to Allied Governments, is circulated herewith for the information of the Far Eastern Commission, and is referred to COMMITTEE NO. 7: DISARM-
AMENT OF JAPAN for consideration.

2. A certified copy of this U. S. policy directive, which has been forwarded 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.

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

NELSON T. JOHNSON
Secretary General

ENCLOSURESPECIAL DIRECTIONS FOR THE DISPOSITION OF CAPTURED
JAPANESE EQUIPMENT

The following policy is furnished for your information and guidance:

"In accordance with the provisions of paragraph 16 of the statement of policy on Disarmament, Demobilization and Disposition of Enemy Arms, Ammunition and Implements of War (Japan)*, you are authorized as an interim measure in your capacity as Supreme Commander for the Allied Powers to release at your discretion enemy equipment captured in Japan to Allied Governments under the following terms:

a. Manufactured articles, other than capital equipment, suitable for peacetime civilian uses, not required by you for maintenance and subsistence of the occupational forces, prisoners of war, and displaced persons of the United Nations, or for the relief of the local civil population to the extent necessary to prevent or alleviate epidemic or serious disease or serious unrest or disorder which would endanger the occupying forces and the objectives of the occupation, which are requested officially by a government represented on the Far Eastern Commission to meet an urgent need. Delivery shall be made against a receipt which includes an agreement to accept a subsequent inter-Allied decision as to whether the equipment shall be considered to be an advance delivery on reparations account or whether SCAP must be reimbursed for its fair value."

*FEC-017

CONFIDENTIALCOPY NO. 72FEC 052/11 May 1946FAR EASTERN COMMISSIONCONVOCAION OF ALLIED COUNCIL FOR JAPANNote by the Secretary General

1. The enclosure, a United States directive to the Supreme Commander for the Allied Powers, is circulated for the information of the Far Eastern Commission.

2. A certified copy of this U. S. directive, which has been forwarded to the Supreme Commander for the Allied Powers, has been filed by the United States Government with the Commission in accordance with Section III, paragraph 4, of the Terms of Reference

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

NELSON T. JOHNSON
Secretary General

FEC 052/1

35
9 Mar. 1946

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CONFIDENTIAL

ENCLOSURE

Serial No. 35

CONVOCAION OF ALLIED COUNCIL FOR JAPAN

The following, received from the State, War and Navy Departments, pursuant to paragraphs one and two of previous directive on convocation of the Allied Council for Japan*, is furnished for your information and guidance:

"Governments concerned have informed State Department that representatives on the Allied Council will be as follows: Union of Soviet Socialist Republics representative, Lt. Gen. K. N. Derevyanko; Chinese representative, General Chu Shih-ming; member representing jointly the U. K., Australia, New Zealand and India, Mr. William McMahon Ball, citizen of Australia.

"Far Eastern Commission met in Washington on February 26 and you should therefore convene first meeting of Allied Council for Japan in accordance with paragraph two of the directive cited above."

* FEC 052

FEC 052/1

FEC 031/4

29 April 1946

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27 Mar. 1946

FAR EASTERN COMMISSION

DRAFT CONSTITUTION FOR JAPAN

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 a draft constitution for Japan, is circulated herewith for the information of the Commission.

2. A certified copy of this U. S. policy 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 031/4

ENCLOSUREDRAFT CONSTITUTION FOR JAPAN

The following statement of policy, adopted by the Far Eastern Commission on 20 March 1946 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 SCAP as a directive for his guidance in accordance with paragraph III, 1, of those terms of reference:

"The Commission has received from the United States Government the text of a draft constitution which appears to have been drawn up in compliance with an Imperial rescript, the text of which has also been supplied by the United States Government, along with the Supreme Commander's comments on that text.

"The opening sentences of this draft indicate to the Commission that it will be presented to the first session of the Japanese Diet which will be chosen at the forthcoming general elections. The Commission therefore assumes that this and possibly other texts will be debated in the Diet and that amendments may be offered and perhaps other proposals introduced.

"The Commission, therefore, desires that the Supreme Commander keep it informed of the progress and development of this and other drafts that may be considered by the Diet.

"For mindful of its responsibilities under its terms of reference for the formulation of policy in regard to the implementation of the surrender terms, and of the important bearing which this or any other proposed changes in the constitutional structure of Japan may have upon the decisions in carrying out that responsibility, the Commission desires that the Supreme Commander for the Allies make clear to the Japanese Government that the Far Eastern Commission must be given an opportunity to pass upon the final draft of the constitution to determine whether it is consistent with the Potsdam Declaration and any other controlling document before it is finally approved by the Diet and becomes legally valid.

"The Commission believes that in this way hasty action by the Japanese Diet will be prevented and time given for all elements inside and outside the Diet to consider this very important question and bring to that consideration all available thought produced by the freely expressed will of the Japanese people.

"In this connection the Commission notes the encouragement given to the Japanese people in the Supreme Commander's announcement that this draft of a proposed constitution has his personal approval. It is somewhat apprehensive that this approval may be misunderstood by the Japanese public and taken to mean that this particular draft has the approval of the powers represented on this Commission.

"As such is not necessarily the case and as the Commission does not want to take any action in regard to this or any other draft constitution that might prejudice Japanese public opinion for or against any proposal of this nature, it considers that the Supreme Commander for the Allied Powers should in some appropriate manner make it known to the Japanese people that while this draft of a proposed constitution is a document of obvious merit and is available now for consideration and study, the fact that it is a draft prepared by the government does not preclude favorable consideration of other proposals or drafts which may be submitted to the Diet for study and comparison.

"The Commission requests that the United States Government inform the Supreme Commander of its views as expressed above, and since the constitutional issue is one that is likely to influence the votes of the electors, it do so with a minimum of delay

CONFIDENTIALFEC 04030 MARCH 194668
Mr. Dickson37
26 Mar. 1946FAR EASTERN COMMISSIONFOREIGN BANKS IN JAPANNote by the Secretary General

1. The enclosure, an excerpt from the directive of the U. S. Government to the Supreme Commander for the Allied Powers, is circulated for the information of the Far Eastern Commission and is herewith referred to COMMITTEE NO.2: ECONOMIC AND FINANCIAL AFFAIRS for its consideration.

2. It is requested that this document be considered as confidential until 12 noon, Monday, 1 April 1946, at which time a release to the press will be made by the United States Government, thereafter, this document is to be treated as unclassified.

NELSON T. JOHNSON
Secretary General

FEC 040

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ENCLOSUREFOREIGN BANKS OF JAPANEXCERPT FROM A DIRECTIVE
TO THE SUPREME COMMANDER
FOR THE ALLIED POWERS

1. That National City Bank branch not be permitted at present to engage in any ordinary commercial banking activities including provision for export-import banking facilities, acceptance of dollar deposits from recipients of dollar remittances, receiving funds of nationals of Allied countries which were on deposit with the bank on 7 December 1941, or representing nationals of Allied and neutral countries for purpose of recovery of their pre-war assets, but be used solely for services related to your occupation needs, specifically including:

a General depository of public moneys of United States including official and quasi-official funds of U. S. armed forces. Central disbursing officer could keep main balance in American branch bank and deposit monthly payroll requirements throughout Japan via Bank of Japan branches thus utilizing nationwide banking facilities but with minimum balances in Japanese banks.

b Bank of deposit for members of U.S. armed forces for accumulation in dollars of pay and allowances found excess to their local needs. Such deposits would be permitted in U. S. dollars only. Withdrawals from such deposit accounts would be limited to:

(1) Transfers to the credit of other such dollar accounts, and

(2) drawings against such accounts either for deposit in dollars or for encashment in yen with Army or Navy disbursing officers in the theater.

Also in order to preserve implementation of foreign exchange control in Pacific area, reconversions and transfers from Japanese yen into U.S. dollars and/or other currencies would be effected by authorized personnel only through regular Army and Navy channels.

Yen earnings accrued by above-mentioned branch from service charges or other sources would be blocked in the same manner as other foreign exchange assets accruing in Japan to National City Bank and would be subject to future determination as to repatriation on same basis as yen accruals of such other American business concerns as may be authorized to begin or resume activities in Japan.

c. Depository for yen representing the proceeds of remittances of:

(1) an official nature such as those of U.S. Commercial Company and similar U.S. Government agencies; and

(2) Eleemosynary funds such as those of American Council of Churches.

d. Depository for proceeds realized from local sales of civilian supplies introduced under U.S. military authority into Japan.

e. Safekeeping services.

2. That authority for reopening of Tokyo Branch of National City Bank is with proviso that other American bank or banks prepared to operate in Japan under same conditions as those prescribed for National City Bank would also be authorized to open or reopen branches in Japan.

3. That banks of other Allied Nations also would be permitted as a matter of military necessity to open or reopen branches in Japan under above-indicated conditions applicable to American branch banks in order to render similar services to respective elements of your forces.

*Mr. Dickson*CONFIDENTIALCOPY NO. 72FEC 0561 May 194638
5 Apr. 46FAR EASTERN COMMISSIONREPORTS BY ALLIED GOVERNMENTS ON YEN EXPENDITURES
BY THEIR OCCUPATION TROOPS IN JAPANNote by the Secretary General

1. The enclosure, a United States directive on reports by Allied Governments on yen Expenditures by their occupation troops in Japan to the Supreme Commander for the Allied Powers, is circulated herewith for the information of the Far Eastern Commission and is referred to COMMITTEE NO. 2: ECONOMIC AND FINANCIAL AFFAIRS for consideration.

2. A certified copy of this U. S. directive, which has been forwarded to the Supreme Commander for the Allied Powers, has been filed with the Commission by the United States Government in accordance with Section III, paragraph 4, of the Terms of Reference.

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

NELSON T. JOHNSON
Secretary General

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Serial No. 38

ENCLOSUREREPORTS BY ALLIED GOVERNMENTS ON YEN EXPENDITURES
BY THEIR OCCUPATION TROOPS IN JAPAN

Following, received from State, War and Navy Departments,
is furnished for your guidance:

"Yen advances to Allied governments for their occupational forces in Japan need only be accounted for by you (SCAP) in accordance with the instructions outlined in paragraph 3, of directive relating to interim procedures for supplying yen to representatives of Allied governments in Japan.* Under this procedure detailed monthly statements of yen expenditures from the respective Allied governments are not required. However, if requests for yen for this purpose appear excessive, you may refer the matter to Joint Chiefs of Staff together with your recommendation. Detailed monthly statements of yen expenditures of the Far Eastern Commission or any other authorized commission and their national delegations and missions assigned to your staff should be submitted to you, reference paragraphs 1 and 2, of above mentioned directive, in accordance with the procedure outlined therein."

*Not yet received by Commission.

CONFIDENTIALCOPY NO. 72FEC 0571 May 1946FAR EASTERN COMMISSIONADMINISTRATION OF IZU ISLANDSNote by the Secretary General

1. The enclosure, a United States directive on the administration of the Izu Islands, is circulated herewith for the information of the Far Eastern Commission and is referred to the STEERING COMMITTEE for consideration.

2. A certified copy of this U. S. directive, which has been forwarded to the Supreme Commander for the Allied Powers, has been filed with the Commission by the United States Government in accordance with Section III, paragraph 4, of the Terms of Reference.

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

NELSON T. JOHNSON
Secretary General

FEC 057

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9 Apr. 46

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Serial No. 39

ENCLOSUREADMINISTRATION OF IZU ISLANDS

Since Izu Islands north of 30 degrees north latitude, including Sofu Gan, were administered by the Japanese from the Tokyo district, you (SCAP) are authorized to administer them under the Supreme Commander for the Allied Powers. This will not be considered as prejudicing the determination of the ultimate disposition of the Izu Islands, nor of the northern islands of the Ryukus lying between thirty-one degrees north and thirty degrees north latitude which you (SCAP) presently administer as Supreme Commander for the Allied Powers.

*in enclosure*CONFIDENTIALCOPY NO. 72FEC-007/715 May 1946FAR EASTERN COMMISSION40
23 Apr 1946APPREHENSION, TRIAL AND PUNISHMENT OF WAR
CRIMINALS IN THE FAR EASTNote 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 apprehension, trial, and punishment of war criminals in the Far East, is circulated herewith for the information of the Commission.

2. A certified copy of this U. S. policy 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.

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

NELSON T. JOHNSON
Secretary General

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Serial No. 40

ENCLOSURE

APPREHENSION, TRIAL, AND PUNISHMENT OF WAR CRIMINALS
IN THE FAR EAST

The following directive, prepared by the Department of State to implement the policy adopted by the Far Eastern Commission on 3 April 1946 under the provisions of paragraph 11, A, 1 of its terms of reference, has been received from the State, War, and Navy Departments for transmission to SCAP for his guidance in accordance with paragraph III, 1 of those terms of reference. This directive supersedes the policy of the United States in regard to the apprehension and punishment of war criminals in the Far East*.

*FEC-007/1

CONFIDENTIALDIRECTIVE ON THE APPREHENSION, TRIAL AND PUNISHMENT OF WAR CRIMINALS IN THE FAR EAST

1. The term "war crimes" as used herein, includes:

a. Planning, preparation, initiation or waging of a war of aggression or a war in violation of international treaties, agreements and assurances, or participation in a common plan or conspiracy for the accomplishment of any of the foregoing.

b. Violations of the laws or customs of war. Such violations shall include but not be limited to murder, ill treatment of deportation to slave labor or for any other purpose of civilian population of, or in, occupied territory, murder or ill treatment of prisoners of war or persons on the seas, or elsewhere improper treatment of hostages, plunder of public or private property, wanton destruction of cities, towns or village or devastation not justified by military necessity.

c. Murder, extermination, enslavement, deportation and other inhumane acts committed against any civilian population, before or during the war or prosecutions on political, racial or religious grounds in execution of or in connection with any crime defined herein whether or not in violation of the domestic law of the country where perpetrated.

2. The offense need not have been committed after a particular date to render the responsible party or parties subject to arrest but, in general, should have been committed since, or in the period immediately preceding the Mukden incident of September 18, 1931. The preponderance of cases may be expected to relate to the years since the Lukouchiao incident of July 7, 1937.

3. All practicable measures should be taken to identify, investigate, apprehend, and detain all persons suspected of having committed war crimes, as defined in paragraph 1 above, and all persons whom any one of the United Nations or Italy charges with such crimes.

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4. Suspected war criminals should be held in close confinement, without access to the press or other media of public information, and without distinction as to rank or position, as befits ordinary criminals.

5. The Supreme Commander for the Allied Powers should have:

(a) power to appoint special international military courts (which term should be held to include tribunals of any type) composed of military, naval, or air force officers or civilians representing any two or more of the states members of the Far Eastern Commission for the trial under any applicable law, domestic or international, including the laws and customs of war, of the Far Eastern war criminals indicted by the Governments of these states, and

(b) power to prescribe, subject to consultation with the representatives of those governments, rules of procedure for such courts. The Supreme Commander shall appoint to each international court a judge nominated by each state represented on the Far Eastern Commission which signifies its desire to participate in the work of such court. In the appointment of the international courts and in all trials before them, the international character of the courts and of the authority by which they were appointed and under which they act should be properly emphasized and recognized, particularly in dealings with the Japanese people. The Supreme Commander for the Allied Powers should have, (1) the responsibility for carrying out the judgments of any international courts appointed by him, and (2) the power to approve, reduce or otherwise alter any sentences imposed by any such courts, but not to increase the severity thereof, after consultation with the Allied Council for Japan and the Representatives in Japan of the other Powers, members of the Far Eastern Commission.

6. The Supreme Commander for the Allied Powers (a) should promptly establish an agency, acting under his Command to investigate reports of war crimes, to collect and analyze evidence, to arrange for the apprehension and prompt trial of suspects, to prepare,

supervise and conduct the ~~prosecution~~ of individuals and organizations before international military courts or tribunals, and to recommend to the Supreme Commander which individuals and organizations should be prosecuted, before what courts they should be tried and what persons should be secured as witnesses, and (b) should provide, after discussion with the local representatives of the nations involved, and in a manner consistent with efficient administration, for equitable inclusion in the membership of such agency of suitable representatives of the States members of the Far Eastern Commission. This agency should advise the Supreme Commander and other Military commanders for the Allies on matters relating to war criminals. This agency should attach importance to the investigation of the evidence that offenses of the type described in paragraph 1 A above have been committed, should collect and analyze the evidence of such offenses and should recommend to the Supreme Commander a plan as indicated in paragraph 5 above for the appointment of an international court for the trial of such offenses and the charges to be preferred. This agency should also maintain a central record and information office of Japanese war criminals and war crimes, the records and files of which should be available to any interested United Nation.

7. The military command of any nation (including the United States) participating in the occupation of areas previously dominated by Japan may establish special national military courts to deal with war criminals not held or requested by the Supreme Commander for trial by an international military court or tribunal of the types referred to in paragraph 6 above. Such courts should be separate from courts which may be set up to deal with current offenses against the occupation or infractions of military discipline.

8. Military commanders of forces of occupation in the Far East should promptly comply with a request by the government of any one of the United Nations or Italy for the delivery to it of any person who is stated in such request to be charged with a war crime, subject to the following exceptions:

CONTENTS

(1) Persons who have held high political, civil or military positions in the Japanese Empire or in one of its allies, co-belligerents or satellites, should not be delivered, pending decision whether such person should be tried before an international military court or tribunal. Suspected war criminals desired for trial before such a court or tribunal or persons desired as witnesses at such trials will not be turned over to the nation requesting them so long as their presence is desired in connection with such trials.

(2) Where persons are requested by more than one of the Governments above mentioned for trial of a war crime, the military commanders concerned should make their determinations based on all the circumstances, including the relative seriousness of the respective charges against such a person and the national interests involved, and should deliver the requested person to a particular United Nation or Italy accordingly.

9. Compliance with any request for the delivery of a suspected war criminal should not be delayed on the ground that other requests for the same person are anticipated.

10. Delivery of a suspected war criminal to a requesting government should be subject to the condition that if such person is not brought to trial, tried and convicted within six months from the date he is so delivered, he will be returned to the authority who made delivery if he has been requested for trial by any of the other United Nations or Italy.

11. Military commanders should take under their control, pending subsequent decisions as to its eventual disposition, property, real and personal, found in areas of their respective jurisdiction and owned or controlled by persons taken into custody pursuant to the provisions of paragraph 3 above.

12. Such measures as are deemed necessary should be taken to insure that witnesses to war crimes will be available when required.

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13. The execution of death sentences should be deferred if there is reason to believe that the testimony of those convicted would be of value in the trial of other war criminals.

14. Any national of any United Nation who may be requested, or who there is reason to believe may be desired, by his government as a renegade or quisling, should be arrested. Such persons should normally be turned over as soon as practicable to their government.

15. Military commanders having custody of alleged offenders requested under paragraphs 8 and 14 above, if in doubt as to whether such persons should be turned over to the demanding nation for trial, should consult their government and, in appropriate cases, leave the matter to be dealt with through diplomatic channels. Within the main islands of Japan, the Supreme Commander for the Allied Powers will have custody of such alleged offenders and should consult the Joint Chiefs of Staff in cases of doubt.

CONFIDENTIALCOPY NO. 72FEC-06623 May 1946FAR EASTERN COMMISSIONTREATMENT OF GERMAN PROPERTY IN JAPANNote by the Secretary General

1. The enclosure, a United States directive to the Supreme Commander for the Allied Powers on the interim treatment of German property in Japan, is circulated herewith for the information of the Far Eastern Commission and is referred to COMMITTEE NO. 6: ALIENS IN JAPAN for consideration.

2. This directive was forwarded to the Supreme Commander for the Allied Powers on 27 April 1946.

3. A certified copy of this U. S. interim policy 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.

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

NELSON T. JOHNSON
Secretary General

FEC-066

ENCLOSURECONFIDENTIAL

27 April 1946

Serial No. 41INTERIM DIRECTIVE TO THE SUPREME COMMANDER FOR THE ALLIED
POWERS, ISSUED UNDER THE PROVISIONS OF PARAGRAPH III, 3,
OF THE TERMS OF REFERENCE OF THE FAR EASTERN COMMISSIONTreatment of German Property in Japan

The following, received from the State, War and Navy Departments, is furnished for guidance and information. Reference is made in this directive to your document on this subject dated 28 January 1946 and reproduced as an enclosure (appendix) hereto.

1. Treatment to be accorded German property in Japan is dependent upon category of property involved. German property in Japan may in general be divided into categories "A", "B" and "C" as follows:

Category A. Property subject to German vesting decree. Your interpretation of exclusions from Articles 2 and 3 of German vesting decree as stated in part 2 of the Enclosure (Appendix) is incomplete as also excluded are persons of German nationality who have not enjoyed full rights of German citizenship under Reich law at any time since 1 September 1939 and any citizen of any country annexed or claimed to have been annexed by Germany since 31 December 1937. With foregoing amendment to paragraph A, part 2 of the Enclosure (appendix) and the first sentence of paragraph B, part 2 of the Enclosure (Appendix) are correct. Relating to corporations of mixed ownership: where property is owned by a Japanese corporation, stock of which is owned or in your opinion controlled by Germans subject to the decree, even though the German interest is not 100%, the property should be treated in the same manner as if subject to the decree. Cases in which there is doubt as to control or ownership should be referred to Washington with detailed statement of relevant facts. Where it is clear that there

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is no control by Germans subject to the decree but merely a small stock interest, analysis contained in part 2 (B) of the Enclosure (Appendix) is correct.

Category B. Property not subject to decree but owned or controlled by objectionable Germans. Term "objectionable German" refers to those German nationals who have continuously resided outside Germany and German controlled territory since 1 September 1939 or who have not enjoyed full rights of German citizenship under Reich law at any time since 1 September 1939 but who were agents or propagandists of Naziism, members of the Nazi party, officials or employees of the German Reich or who played active part as research or financial experts, scientists, technicians, advisors, manufacturers, or suppliers in the development of the Axis war economy. Term in general includes every German in Japan who is subject to forcible repatriation, and any German whose activities you deem objectionable on other grounds.

Category C. Property not subject to decree but owned or controlled by "unobjectionable Germans". This class in general includes Germans who are not subject to forcible repatriation and who do not seek voluntary repatriation. It is considered that this group is very small.

2. In response to part 3 A of the Enclosure, (Appendix) pending further advice, your headquarters to the fullest extent practicable should as an interim measure seize, assume custody of and administer such property in anticipation of your designation as agent of the German External Property Commission (GEPC). U.S. member GEPC is recommending such designation at an early meeting proposing the broadest delegation of powers. Other problems raised by you are dealt with in paragraph 3 this directive.

3. The following are comments on Part I of the Enclosure (Appendix):

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a. Funds and other property owned by or held in the name of the German Government or any agency thereof, including Nazi party and affiliated organizations, are subject to German vesting decree and will be seized and held in your custody in anticipation of your designation as the agent of GEPC. Property of objectionable Germans who are not subject to decree will remain frozen subject to withdrawal only pursuant to your authorization.

b. Private property falling within category A above will be seized and held in your custody in anticipation of your designation as the agent of the GEPC. No withdrawals for living expenses will be permitted for former owners who will depend for relief on Japanese Government. Blocking program covering property within categories B and C will be continued. Withdrawals for subsistence on current Japanese level by objectionable Germans will be limited as prescribed. More liberal treatment may be followed with respect to "unobjectionable" Germans.

c. (1) OMGUS* appreciates your need for and agrees to operation of enterprises within category A required to produce goods essential for health and welfare of occupation forces or to carry out objectives of occupation. In such cases your headquarters will directly operate the enterprises in anticipation of your designation as agent of the GEPC by installing a representative of your headquarters as managing agent. No payments, transfers or withdrawals will be permitted except upon order of the managing agent. Authority of former officials to draw upon accounts will be terminated.

(2) Enterprises within category B shall not be permitted to operate unless their operations are required to produce goods essential for health and welfare of occupation forces or to carry out objectives of occupation. In such cases supervisors will be installed and all transactions will be subject to approval of supervisors.

*Office of Military Government, U. S. Zone, Germany

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(3) Enterprises within category C above may in general be permitted to carry on operations which are consistent with the objectives of the occupation. Supervisors need not be installed and limited business operating licenses may be approved.

d. (1) With respect to enterprises within category A whose operations are being continued by you, all expenses incidental to the maintenance and operation of the enterprise may be paid. Instructions with respect to disposition of assets of enterprises not permitted to operate (including reply to part 3 C of the Enclosure) (Appendix) are being deferred pending receipt of information requested in paragraph 6 of this directive and authorization by GEPC which awaits the issuance of a directive by ACC Germany. In the meantime, however, individual cases may be referred to Washington. Payment of creditors will be deferred except that payment of any expenses incident to preservation and maintenance of property is authorized. All gold, silver and foreign currencies held by such enterprises will be segregated and reported to Washington.

(2) Enterprises within category B which are being permitted to operate may be permitted to make such withdrawals from their blocked accounts as are necessary to the operations approved by the supervisor and in addition may pay existing debts and obligations. Enterprises not permitted to operate should be held intact in caretaker status pending determination of reparations policies for Japan. Payment from blocked funds is authorized for expenses necessary for maintenance and preservation of such property. Commodities owned by such enterprises may, however, be included in export program.

e. Comments are deferred on the financial aspects of repatriation program. Your suggestions on a general German repatriation program would be welcomed.

f. Approved.

4. With reference to paragraph D, part 3 of the Enclosure Appendix, pending advice from GEPC payment of taxes with respect to vested property will be deferred. OMGUS' opinion is that

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since GEPC, in taking title to property, is serving as the agent of the countries entitled to reparations, it would appear that the question of paying taxes to the Japanese government should fall under the same policy as applies to property owned by the United Nations in Japan.

5. With reference to paragraph E, part 3 of the Enclosure, Appendix, vested funds should be utilized for maintenance and preservation of vested property. Appropriate records should be maintained of all disposition of vested funds and other vested property.

6. Desire to be in position to advise Allied Control Council of nature and amount of property in Japan which is subject to vesting decree. Request that there be forwarded as soon as possible schedules with breakdowns into numbers, categories and approximate value, together with such other information as you may deem pertinent.

7. The intention of the U.S. Member, Allied Control Council, Germany to obtain the appointment of SCAP as the agent of GEPC in Japan with broad delegation of powers is approved.

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ENCLOSUREAPPENDIXDOCUMENT ON "GERMAN PROPERTY IN JAPAN" DATED 28 JANUARY 1946
RECEIVED FROM THE SUPREME COMMANDER FOR THE ALLIED POWERSPART I

Present policy regarding German property is:

A. Cash funds of Government, Nazi Party and affiliated organizations, and arrested or detained persons impounded against receipt and bank accounts and other property blocked.

B. All transactions in private property prohibited without special license and private bank accounts blocked. Withdrawals from personal funds of 1500 yen monthly for family head and 500 yen per additional member permitted for living expenses and taxes.

C. Two enterprises owned and controlled by German nationals residing in Japan given limited operation licenses to produce goods essential for health and welfare of occupation forces. No alternative supplier is available. All transactions of these enterprises subjected to approval of supervisor designated by this headquarters.

D. Propose permitting withdrawal from blocked bank accounts of natural and juridicial persons for:

1. Repair of damage to property and similar emergencies.

2. Business operation expenses provided nature of business is approved by this headquarters as essential for occupation forces or peacetime Japanese economy and further provided management is purged of undesirables.

3. Maintaining and preserving property, or for liquidation when continued operation disapproved, proceeds of liquidation being blocked.

E. Upon repatriation German nationals including diplomats to be allowed to take out only \$50 or equivalent and personal effects.

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F. Relief of needy Germans, formerly given allowances from official German funds, is responsibility of Japanese Government.

PART 2

This headquarters interprets German vesting decree to exclude from its provisions only property of:

A. German nationals continuously residing outside Germany and territory then under German control, since 1 September 1939.

B. Juridical persons organized under Japanese law and owned and controlled by German nationals referred to in (A). It is our further understanding that in case of juridical persons organized under Japanese law where some portion of capital is owned and controlled by persons inside Germany or otherwise subject to vesting decree defy that portion so held, whether in form of stock or other evidence of ownership, is subject to vesting. Control of vesting authority or its custodian over property of such juridical persons is limited to voting and other rights inherent in ownership of the vested stock or other evidence of ownership.

PART 3

Vesting procedure raises following questions:

A. What is responsibility of this headquarters with respect to vested property?

B. To what extent, if any, should program outlined in part 1 be modified for property subject to vesting particularly with respect to liquidation of enterprises not considered essential.

C. May vested property be disposed of by export if required by United Nations, or economic sale if essential for occupation forces or peacetime Japanese economy, proceeds of disposition in all cases being blocked?

D. Should Japanese Government be permitted to collect taxes on vested property?

E. Should Japanese Government be required to supply funds for maintenance and preservation of vested property or should yen funds of vested persons be used for that purpose?

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PART 4

Your approval of program outlined in part 1, confirmation of our interpretation in part 2, and guidance on questions raised in part 3 are requested at earliest possible as problems involved are urgent.

*Mr. Johnson*CONFIDENTIALCOPY NO. 72FEC-012/127 May 194642
10 May 46FAR EASTERN COMMISSIONDISPOSITION OF URANIUM OXIDE IMPOUNDED
BY THE SUPREME COMMANDER FOR THE ALLIED POWERS

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Note by the Secretary General

1. The enclosure, an United States interim directive to the Supreme Commander for the Allied Powers, relative to the disposition of Uranium Oxide impounded by the Supreme Commander for the Allied Powers, is circulated herewith for the information of the Far Eastern Commission, and is referred to the STEERING COMMITTEE for consideration.

2. This interim directive was forwarded to the Supreme Commander for the Allied Powers on 10 May 1946.

3. A certified copy of this U. S. interim directive to the Supreme Commander for the Allied Powers has been filed with the Commission in accordance with Section III, paragraphs 3 and 4, of the Terms of Reference.

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

NELSON T. JOHNSON
Secretary General

ENCLOSURECONFIDENTIALSerial No. 4210 May 1946

INTERIM DIRECTIVE TO THE SUPREME COMMANDER FOR THE ALLIED
POWERS ISSUED UNDER THE PROVISIONS OF PARAGRAPH III, 3,
OF THE TERMS OF REFERENCE OF THE FAR EASTERN COMMISSION

DISPOSITION OF URANIUM OXIDE IMPOUNDED
BY THE SUPREME COMMANDER FOR THE ALLIED POWERS

The State, War, and Navy Departments request that you continue to impound the 275 pounds of uranium oxide impounded to date, except that you may, at your discretion, release such quantities of the material as you may determine to be suitable for use in the ceramics industry.

*Mr. Dickson*CONFIDENTIALCOPY NO. 72FEC-063/123 May 1946*43*
11 May 46

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FAR EASTERN COMMISSIONAPPLICABILITY OF PROPOSED JAPANESE EXTRAORDINARY
TAX LAWS TO NON-JAPANESE INDIVIDUALS AND CORPORATIONSNote by the Secretary General

1. The enclosure, a United States interim directive on applicability of proposed Japanese extraordinary tax laws to non-Japanese individuals and corporations, is circulated herewith for the information of the Far Eastern Commission, and is referred to COMMITTEE NO. 1: REPARATIONS, COMMITTEE NO 2: ECONOMIC AND FINANCIAL AFFAIRS, and COMMITTEE NO: 6: ALLIES IN JAPAN, for their joint consideration.

2. This directive was forwarded to the Supreme Commander for the Allied Powers on 11 May 1946.

3. A certified copy of this U. S. interim policy 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.

4. It will be noted that the last paragraph of this interim directive amends paragraph 4 of FEC-066, Treatment of German Property in Japan.

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

NELSON T. JOHNSON
Secretary General

CONFIDENTIAL

ENCLOSURE

Serial No. 43

11 May 1946

INTERIM DIRECTIVE TO THE SUPREME COMMANDER FOR THE
ALLIED POWERS ISSUED UNDER THE PROVISIONS OF
PARAGRAPH III, 3, OF THE TERMS OF REFERENCE
OF THE FAR EASTERN COMMISSIONAPPLICABILITY OF PROPOSED JAPANESE EXTRAORDINARY
LAWS TO NON-JAPANESE INDIVIDUALS
AND CORPORATIONS

The following, received from the State, War and Navy Departments, is furnished for your guidance:

"There is no objection to proposed Japanese extraordinary tax laws being applicable to non-Japanese individuals and corporations, including property vested in the German External Property Commission. Property, regardless of the nationality of its owners, the title of which rests with you and which will be removed for reparations, shall be exempted from the tax laws. For your information State Department considers the applicability of these laws to non-Japanese individuals and corporations appropriate in view of the fact that they are primarily designed not to provide funds for reparations but to stabilize the Japanese internal economy thus benefiting all persons and corporations having interests in Japan, and that it has never been United States Government policy to press for special treatment of United States nationals except where foreign laws have been discriminatory.

"In view of the inconsistency created by the above policy with the policy enunciated in the directive on Treatment of German Property in Japan*, paragraph four thereof is hereby amended to read as follows:

'With reference to paragraph (D) part 3 of the Enclosure, Japanese Government should be permitted to collect taxes on vested property.'

*FEC-066

FEC-063/1

CONFIDENTIAL

FEC 047/2

24 May 1946

COPY NO. 72*Mr. Pickner**44*
*13 May 46*FAR EASTERN COMMISSIONDISPOSITION OF CAPTURED JAPANESE MERCHANT VESSELSNote by the Secretary General

1. Enclosure A, a United States statement of policy regarding the control of the Supreme Commander for the Allied Powers over former Allied Vessels, submitted by the United States Representative is circulated herewith for the information of the Far Eastern Commission, and is referred to COMMITTEE NO. 1: REPARATIONS and COMMITTEE NO. 2: ECONOMIC AND FINANCIAL AFFAIRS for consideration.
2. Enclosure B, a United States interim directive to the Supreme Commander for the Allied Powers based on the policy in Enclosure A, is circulated herewith for the information of the Far Eastern Commission, and is referred to COMMITTEE NO. 1: REPARATIONS and COMMITTEE NO. 2: ECONOMIC AND FINANCIAL AFFAIRS for consideration.
3. Enclosure B, the directive, was forwarded to the Supreme Commander for the Allied Powers on 13 May 1946.
4. A certified copy of this U. S. interim directive to the Supreme Commander for the Allied Powers has been filed with the Commission in accordance with Section III, paragraphs 3 and 4, of the Terms of Reference.
5. The attention of all concerned is invited to the classification of this document which prohibits the dissemination of the information contained therein to unauthorized persons or to the press.

NELSON T. JOHNSON
Secretary General

FEC 047/2

CONFIDENTIAL

ENCLOSURE "A"CONTROL OF THE SUPREME COMMANDER OF THE ALLIED
POWERS OVER FORMER ALLIED VESSELS

1. The control of the Supreme Commander for the Allied Powers over former Allied vessels recaptured from the Japanese should be extended to authority to use former Allied war and other public vessels and miscellaneous water-borne craft of all types.
2. The Supreme Commander for the Allied Powers should be authorized to release all former Allied war or other public vessels regardless of size (except public merchant vessels) and all former Allied water-borne craft of any type of less than 500 gross tons direct to claimant nations when these vessels are no longer needed by the Supreme Commander for the Allied Powers for any task connected with the implementation of the Japanese surrender.
3. The Combined Shipping Adjustment Board should be designated as the Supreme Commander for the Allied Power's agent for the purpose of disposing of former Allied public merchant or privately owned merchant vessels and other privately owned water-borne craft of all types of 500 gross tons and over.

CONFIDENTIAL

ENCLOSURE "B"

Serial No. 44

13 May 1946

INTERIM DIRECTIVE TO THE SUPREME COMMANDER FOR
THE ALLIED POWERS ISSUED UNDER THE PROVISIONS
OF PARAGRAPH III, 3, OF THE TERMS OF REFERENCE
OF THE FAR EASTERN COMMISSION

ARRANGEMENTS FOR RELEASE TO CLAIMANT NATIONS OF
FORMER ALLIED VESSELS CAPTURED BY JAPAN

Employment and disposition of former Allied ships and water-borne craft of all types recaptured from the Japanese is subject:

The State, War, and Navy Departments have approved the policy that the Supreme Commander for the Allied Powers (SCAP) shall utilize fully all former Allied ships and water-borne craft of all types recaptured from Japan for as long as SCAP may deem it necessary for the discharge of his responsibilities with regard to repatriation of Japanese nationals and the maintenance of a minimum Japanese economy. Any Allied agreements on these matters will be negotiated on this basis.

You will note that this policy extends the principles of the directive on Employment and Disposition of Captured Japanese Merchant Vessels,* to provide that war and other public vessels and miscellaneous water-borne craft of all types as well as merchant vessels may be employed by SCAP on Japanese movements.

Relative to the disposition of such ships and craft when SCAP no longer deems them necessary, you are now authorized to release any former Allied war or other public vessels regardless of size (except a public merchant vessel) and all former Allied water-borne craft of any type of less than 500 gross tons direct to claimant nation where title to vessel is apparent, provided that an agreement with such nation on release of vessel or craft is executed which will provide adequate protection to SCAP and the Allied powers from any liability that may arise out of the disposition or use of such vessels or craft.

With respect to release of former Allied public merchant or privately owned merchant vessels of 500 gross tons or over, an agreement has been reached with the British Ministry of War Transport to the designation of the Combined Shipping Adjustment Board

*FEC 047

FEC 047/2

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Enclosure "B"

CONFIDENTIAL

as the agency of SCAP to dispose of such vessels including action to protect the interests of SCAP and the Allied Powers from any liabilities arising out of the disposition or use of such vessels.

The State Department will inform the nations who are members of the Far Eastern Commission of this directive.

FEC-059/8

3 June 1946

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23 May 46

FAR EASTERN COMMISSION

REMOVAL OF FACILITIES FROM JAPAN FOR
REPARATIONS--PRIORITY ACCORDING TO OWNERSHIP OR CONTROL

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 removal of facilities from Japan for reparations--priority according to ownership or control, is circulated herewith for the information of the Commission.
2. This directive was forwarded to the Supreme Commander for the Allied Powers on 23 May 1946.
3. A certified copy of this U.S. 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-059/8

Serial No. 45

23 May 1946

E N C L O S U R EREMOVAL OF FACILITIES FROM JAPAN FOR
REPARATIONS--PRIORITY ACCORDING TO OWNERSHIP OR CONTROL

The following directive, prepared by the Department of State to implement the policy adopted by the Far Eastern Commission on 13 May 1946 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 guidance in accordance with paragraph III, 1, of those terms of reference:

DIRECTIVE ON REMOVAL OF FACILITIES FROM JAPAN FOR
REPARATIONS--PRIORITY ACCORDING TO OWNERSHIP OR CONTROL

Among the criteria to be employed in the selection of individual plants and items of equipment for removal from Japan as reparations you will employ the principle of reinforcing the occupation objective of dissolving large industrial and banking corporations which have exercised control over a great part of Japanese trade and industry.

The following interests, combinations, and concerns, which assisted in Japanese aggression, and their subsidiaries and affiliates, should be included with others which have been or may be designated: Mitsui; Mitsubishi; Sunitomo; Kuhara; Okura; Yasuda; Mori; Rikken; Nissan; Mangyo; and Nakajima.

FEC-059/93 June 194646
23 May 46

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FAR EASTERN COMMISSIONINTERIM REPARATIONS REMOVALS--ARMY AND NAVY ARSINALS;
AIRCRAFT INDUSTRY; LIGHT METALS INDUSTRYNote 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 interim reparations removals--army and navy arsenals, aircraft industry, light metals industry; is circulated herewith for the information of the Commission.

2. This directive was forwarded to the Supreme Commander for the Allied Powers on 23 May 1946.

3. A certified copy of this U.S. policy 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-059/9

E N C L O S U R ESerial No. 46

23 May 1946

INTERIM REPARATIONS REMOVALS; ARMY AND NAVY ARSENALS;
AIRCRAFT INDUSTRY; LIGHT METALS INDUSTRY

The following directive, prepared by the Department of State to implement the policy adopted by the Far Eastern Commission on 13 May 1946 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 guidance in accordance with paragraph III, 1, of those terms of reference:

DIRECTIVE ON INTERIM REPARATIONS REMOVALS:
ARMY AND NAVY ARSENALS; AIRCRAFT INDUSTRY; LIGHT METALS
INDUSTRY

You will take the action specified below with respect to facilities identified in the 3 listed categories of Japanese industry. Such action, under the interim reparations removal program, should be taken without prejudice to further removals that may be ordered under a final reparations program.

1. ARMY AND NAVY ARSENALS

(Definitions: "Plants and establishments owned and operated by the Japanese Army or Navy engaged in the development, production, maintenance, testing, or storage of equipment or supplies for use in war or warlike purposes. ((Arsenals as defined herein embraces a broad category of facilities distinguished by their ownership rather than by the nature of the operation and departs from the more usual connotation of Ordnance manufacture.)) Privately owned arsenals will be treated in a separate paper.")

a. All facilities within this category should be made available for claim, subject to the following limitations:

(1) Special Purpose Machinery and Equipment

All machinery, equipment, and accessories which by virtue of initial design, construction, or major structural change are, as individual items, special purpose in nature and functionally limited to use in connection with equipment or supplies for war or warlike purposes, should be held pending further instructions concerning their disposition.

(2) Shipyards

Shipbuilding and ship repair facilities should be disposed of in accordance with policy to be decided later.

(3) Non-armorment Facilities

Those facilities which have been engaged in the production of such non-durable consumer goods as textiles, clothing, processed foods, and pharmaceuticals, should be left for disposal under the final reparations program, and not be made available for claim under the Interim Reparations Removal Program.

(4) Fertilizer and Fuel Facilities

Those facilities which can be readily used in the production of fertilizer and fuel, other than synthetic oil, should be left for disposal later and not be made available immediately for claim under the Interim Reparations Removal Program.

2. Aircraft Industry

(Definitions: "Plants and establishments primarily engaged in the manufacture or assembly of finished aircraft, airframes, aircraft engines, and aircraft propellers, or in supplying fabricated materials, semi-finished, or finished parts, components, or accessories, ((exclusive of arms and armorments, instruments and communication equipment)) especially designed for incorporation in finished aircraft.")

a. All facilities in plants and establishments originally designed, constructed, and equipped, or converted through major change in the nature of installed machinery and equipment to serve in this category should be made available for claim.

b. Plants and establishments within this category other than those covered in (a) above, the use of whose products by the aircraft industry represents merely a diversion during the war without major change in character of product from former peacetime civil consumption, or in the nature of installed machinery and equipment, should not be made available