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SECRETCOPY NO. 110FEC 03219 March 1946FAR EASTERN COMMISSIONRECOMMENDED
IMPORT-EXPORT PROGRAM FOR JAPANNote by the Secretary General

1. The enclosures, a program of import and export for Japan for the year 1946, recommended by the Supreme Commander for the Allied Powers, submitted by the United States Delegation, are circulated for the information of the Far Eastern Commission and referred to COMMITTEE NO. 2: ECONOMIC AND FINANCIAL AFFAIRS.

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

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ENCLOSURE "A"IMPORT PROGRAM

The recommended Japanese import program for the year 1946 submitted by the Supreme Commander for the Allied Powers in his radiogram dated January 23, 1946, is divided into seven parts. The first six parts divide the requested commodity imports into categories corresponding to the classification of import requirements established in the basic directive for post-surrender military government in Japan.

Part I lists those commodities the importation of which is declared by SCAP to be required in the first half of 1946 in order to prevent the outbreak of such widespread disease or civil unrest as would endanger the occupying forces.

Part II comprises commodities which SCAP declares to be necessary to import in the first half of 1946 in order to accomplish the other objectives of the occupation (apart from the objective of preventing disease and unrest).

Part III lists items not included in the preceding categories which are stated by the Japanese Government to be necessary imports in the first half of 1946 in order to meet the needs of the Japanese economy.

Parts IV, V, and VI correspond to Parts I, II, and III, respectively, but relate to the second half of 1946.

Part VII consists of comments and explanatory remarks about the preceding categories.

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Silica sand	2
Manganese ore	4
Magnosite	3
Part II total program	781.05

Part III. To meet needs of Japanese economy, these items in parts I and II.

Soy beans	35
Wheat or wheat flour equivalent	68.5
Rice	110
Salt	100
Palm or other vegetable oil	2.5
Raw cotton	58.5
Potassium sulphate or chloride fertilizers (50% K 20)	33.3
Nitrogen fertilizers (ammonium sulphate equivalent)	400
Manila hemp	7.5
Medical and dental supplies	.75
Livestock feed	150
Phosphate rock	166.6
Natural lacquer	15
Jute including bagging	4
Silica	1.5
Silica sand	10
Carbon black	1
Titanium ore	.75
Magnosite (deadburned)	7
China clay	3
Manganese	4
Asbestos	.5
Part III, total program	1256.40

Part IV, Items to be shipped July to December 1946, inclusive.

Soy beans	262.5
Wheat or wheat flour equivalent	484.5
Rice	187.5

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Copra	75
Salt	110
Palm or other vegetable oil	11.25
Sugar	150
Petroleum product	171.8
Raw cotton	49.5
Part IV total program	1502.05

Part V. These items are in excess of those listed in above part. For shipment July to December 1946.

Soy beans	52.5
Wheat or wheat flour equivalent	97
Rice	37.5
Copra	15
Salt	12.5
Sugar	30
Potassium sulphate or chloride fertilizers (50% K 20)	33.4
Nitrogen fertilizers (ammonium sulphate equivalent)	147
Raw cotton	49.5
Coal (coking)	130
Medical and dental supplies	.75
Petroleum products	30.3
Phosphate rock	166.7
Silica	4.25
Silica sand	8
Pig iron	13
Manganese ore	6
Magnotite (deadburned)	2
Total program Part V	840.65

Part VI. To be shipped July to December 1946, inclusive. These not included in IV and V Parts.

Sugar	20
Palm or other vegetable oil	1.5
Soy beans	35

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Japanese 1946 proposed import trade program follows in seven parts:

Part I. To be shipped January to June 1946, inclusive, basis avoidance of unrest and disease, for Japanese consumption. (1,000 metric tons is unit.)

Wheat or wheat flour equivalent	513.7
Rice	825
Salt	70
Raw cotton	40.5
Palm or other vegetable oil	18.75
Soy beans	262.5
Petroleum products	114.7
Total program Part I	1845.15

Part II. Requirements to accomplish objectives of occupation, for shipment January to June 1946 inclusive. In addition to items in Part I are these items and amounts..

Soy beans	52.5
Wheat or wheat flour equivalent	102.7
Rice	165
Salt	7.5
Palm or other vegetable oil	3.75
Nitrogen fertilizers (Ammonium sulphate equivalent)	200
Raw cotton	40.5
Potassium sulphate or chloride fertilizers (50% K 20)	11.7
Medical and dental supplies	.75
Phosphate rock (33% P 205)	83.3
Petroleum products	20.2
Nicotine sulphate	.15
Derris root	.25
Pig iron	7
Coal (coking)	75
China clay	1
Silica	.75

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Wheat or wheat flour equivalent	64.6
Rice	25
Nitrogen fertilizers (ammonium sulphate equivalent)	293
Raw cotton	71.5
Copra	10
Salt	150
Potassium sulphate or chloride fertilizers (50% K 20)	66.7
Feed for livestock	150
Phosphate rock	333.4
Coal (coking)	130
Medical and dental items	.75
Oil seeds	43.4
Natural lacquer	25
Jute including bagging	6
Manila hemp	12.5
Pig iron	13
China clay	9
Carbon black	1
Titanium ore	1.25
Silica	8.5
Silica sand	40
Manganese ore	6
Asbestos	1.5
Magnosite (deadburned)	3
Total program Part VI	1521.6

I to VI is 7746.90 metric tons, grand total programs.

General comments which apply to specific items and all programs which contain these items follow in Part VII.

With data available at present above programs represent best estimate permitted. More exact information expected in the future and revision will be necessary to insure minimum essential imports. A review on a monthly basis of requirements which are stated herein will be held with monthly restatement.

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A 3 to 4 month lag between estimates and delivery will exist, it is realized. As the program progresses over-deliveries can be deducted from succeeding months.

1550 calories per day of rationed and nonrationed items is basis for urban population. Supplementary rations raising overall food requirements about fifteen percent above normal urban rations are given such large population groups as textile and transport workers, coal miners, and farmers. Not included has been a 5 percent overall minimum food distribution reserve which is deemed necessary to cover normal contingencies. To protect minimum reserves for urban areas, earliest possible scheduling of shipments of staple food items should be authorized. In urban areas between 1100 and 1350 calories is present official staple and supplementary ration. Only a small percentage of normal deliveries of cereals into urban areas forecast due to crop damages and hoarding market.

After provision is made for normal losses in distribution and processing, salt program provides for ration of 14.2 grams each day. 1,000 metric tons for industrial purposes also provided for.

...Metric tons not short tons, as in our previous cable, are amounts of raw cotton.

Provision should be made for immediate shipment of Derris root and nicotine sulphate as they are required before April 1, 1946. Date of earliest possible shipping requested.

From former Japanese-controlled islands in Pacific it is possible to secure phosphate rock in part.

Imperial Japanese Government will be recipient of all items. Osaka, Kobe, Yokohama, Moji, Hokodate, Nagoya and all other ports available will be principal destinations.

Following are import tonnages which all Japanese ports can handle, according to preliminary estimate of present and future capacity.

In March it should be 500,000 tons.

April tonnage 600,000 tons.

For May 720,000 tons.

Each month thereafter 1,000,000 tons.

Shipments should be scheduled approximately to arrive as indicated until it is shown that estimated monthly capacity can be excluded.

Deductible from program in Par. 1 is wheat requested for immediate shipment. Separate radio following lists export programs for 1946.

SECRETENCLOSURE "B"EXPORT PROGRAM

Following are proposed 1946 export programs for Japan:

1. Export programs recommended subject to your approval for periods January to June 1946 and July to December 1946, inclusive. Proceeds to be available for payment of imports. The program for the first half of 1946 includes exportable stocks now on hand which are listed in part 2 of this cable. Program for period January through June is designated "A"; the program for July through December, "B". (Ton means Metric Ton)

Textiles and Leather manufactures follow:

Raw silk A	80,000 bales
B	50,000 bales
Assorted silk fabrics A,	40,000,000 square yards
B	38,000,000 square yards
Silk and rayon mixed fabrics A	10,000,000 square yards
B	7,000,000 square yards
Rayon fabrics A	25,000,000 square yards
B	55,000,000 square yards
Cotton fabrics including towels and blankets A	None
B	88,500,000,000 square yards
Hosiery (All materials) A	94,000 dozen
B	1,000,000 dozen
Angora rabbit wool A	30,000 pounds
B	50,000 pounds
Other textile manufactures A	20 tons
B	1,200 tons
Leather manufactures (shoes, bags, belts, bands, jackets, bicycle saddles, gloves) A	85 tons
B	124 tons

Rubber (crude) follows:

A	10,000 tons
B	None

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Chemical manufactures follow:

	A	B
Tartaric Acid	10 tons	15 tons
Citric Acid	20 tons	20 tons
Refined camphor	50 tons	70 tons
Medicines (40% Ethical preparations 60% patent medicines)	500 tons	1,000 tons
Synthetic Dyestuffs	500 tons	300 tons
Pitch	10,000 tons	10,000 tons
Pottery Products	10,000 tons	30,000 tons
Table glassware	20,000 dozens	50,000 dozens
Laboratory glassware	150 tons	
Rubber Manufactures (40% tires and inner tubes for bicycles)		10% automobile tires
Balance shots, belting, and hose	1,000 tons	2,000 tons
Celluloid products (toys, combs, tooth- brush handles and miscellaneous products)	800 tons	800 tons

Minerals and metals follow:

Antimony (refined)	500 tons	
Tin (refined pig)	4,000 tons	
Ferro silicon	3,000 tons	2,000 tons
Industrial diamonds	5,432 karats	
Iridosmium (alloy of IR and OS)	13 kilograms	
Coal	528,000 tons	558,000 tons
Electrical wire (insulated and bara)	2,000 tons	2,000 tons

Metal manufactures follow:

Wall and table clocks		50,000 units
Surveying instruments, microscopes and binoculars		35,000 units
Laboratory instruments	12 tons	25 tons
Cameras	10,000 units	20,000 units
Bicycles	50,000 units	100,000 units

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	A	B
Electric motors (various types)	3,000 units	7,000 units
Electric light bulbs		5,000,000 units
Mining cars and trolleys	300 units	300 units
Industrial locomotives	7 units	8 units
Lumber mill machinery	60 units	140 units
Electric fans	2,000 units	10,000 units
Electric refrigerators	600 units	1,400 units
Electric heaters	8,000 units	28,600 units
Lamp reflectors	62,500 units	137,500 units
Household radios	20,000 units	30,000 units
Radio tubes	1,000,000 units	15,000,000 units
Typewriters (Jap)	300 units	600 units
Phonographs	10,000 units	3,000 units
Textile machinery (looms)	* units	700 units
Scales and measur- ing machines	40 tons	60 tons
Electric measuring machines	72,000 units	150,000 units
Adding machines	400 units	500 units

Agricultural and marine products follow:

Tea	1,500 tons	2,500 tons
Dried mushrooms	275 tons	275 tons
Vegetable Wax	180 tons	180 tons
Agar Agar	300 tons	200 tons
Menthol crystals	24 tons	24 tons
Dried Plants for insect- icides (pyrethrum)	188 tons	75 tons
Aquatic products (Sea Slug Sea Anemone dried Abalone Dried sharks fins)	450 tons	350 tons
Cultured pearls	937,500 grams	750,000 grams
Natural pearls	1,500,000 grams	75,000 grams
Crude vitamins (A and D)	35,000 kilograms	70,000 kilo- grams

*Being Services.

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Silkworm (egg cards)	3,000 kilograms	4,500 kilograms
Canned foodstuffs	8,000 tons	3,000 tons

Furs follow:

Silver Fox	2,877 pelts	
Red Fox	1,209 pelts	
Cross Fox	460 pelts	
Range Fox	18,300 pelts	
Badger	30,000 pelts	
Weasel	430,000 pelts	
Squirrel	200,000 pelts	
Marten	4,858 pelts	
Wild Rabbit	4,000,000 pelts	
Domestic Rabbit	1,300,000 pelts	1,000,000 pelts
Sea Otter	6 pelts	

Wood and wood products follow:

Telephone poles	120,000 cubic ft.	
Mining timbers	2,000,000 cubic ft.	2,400,000 cubic ft.
Railway ties	420,000 cubic ft.	
Bamboo	1,000,000 bundles	750,000 bundles

(Size of bundle: circumference averages 20 inches, bundles length ranges from 7 feet to 25 feet)

Industrial arts follow:

Textiles	1,830 tons	1,200 tons
Lacquer wares	130 tons	80 tons
Potteries	30 tons	350 tons
Straw braids	36,000,000 yards	360,000,000 yards
Jewelry (all types)	2,250 tons	3,500 tons
Sundry goods	175 tons	100 tons

Miscellaneous articles follow:

Wooden and Bamboo manufactures	2,250 tons	2,750 tons
Toys (metal, wood, bamboo, cloth)	5,000 tons	10,000 tons

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Photographic supplies (film, dry pastes, and sensitive paper)	2,000 tons	3,000 tons
Stationery supplies and miscellaneous paper manufactures	10,400 tons	16,600 tons
Paper (Japanese and special papers)	4,500 tons	6,750 tons
Toilet goods	3,000 tons	3,000 tons
Buttons (bone, wood and horn)	1,000 tons	2,000 tons
Matches (match tons equals 35 kilograms)	17,000 match tons	70,000 match tons
Athletic equipment		250 tons
Musical instruments	40 tons	120 tons
Hand tools (saws, chisels, plane, picks)	900 tons	1,500 tons
Glass manufactures (mirrors, spectacles, thermos bottles, vases)	11 tons	200 tons
Miscellaneous (razors, enamelled ware, kitchen utensils)	1,500 tons	3,500 tons
Others (Manufacture of skins, furs, bones, horns, tortoise shell, shoe polish, sponges, umbrellas)	2,500 tons	4,500 tons

Programs recommended above likely of achievement but should be considered as preliminary and subject to change as later information may become available. Fulfillment of several items in the programs is in part or entirely as in case of cotton textiles dependent upon import and fuel will determine whether recommended programs are realized.

It is impossible to determine the dollar value or yen equivalent to proposed exports in absence of information concerning prices and export destinations. Preliminary indication is that great bulk of items are for export to Korea, China, Formosa and other far eastern markets. Silk and silk piece goods will be largely for US destination. Other destinations, especially for other items in short world supply, should be indicated at earliest possible date.

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After your concurrence to these proposed exports programs, this headquarters will initiate with nearby countries barter or reciprocal trade arrangements governing Japanese exports from the proceeds of which will be obtained essential imports.

The cotton export program listed in part 1, represents approximate repayment to United States for raw cotton imports in program proposed. However, amounts to be repaid cannot be met if cotton shipments from United States are delayed or if complicated cloth constructions are required; furthermore, it seems probable that if the preponderance of cotton cloth required from Japan will be coarse construction, the amount to be paid back will be higher than the 1/3 you have indicated and more than the 850,000,000 square yards mentioned herein. Rayon fabric will be for far eastern markets.

Part 2 supplies available for export from stocks on hand January 1, 1946. Estimated domestic requirement for 1946 has been deducted.

Items in short world supply follow:

Antimony (refined)	500 tons
Tin (refined pig)	4,000 tons
Rubber (crude)	10,000 tons
From other stock follow:	
Raw silk	46,000 bales
Assorted silk fabrics	16,000,000 square yards
Silk and rayon mixed fabrics	6,000,000 square yards
Rayon fabrics	5,000,000 square yards
Straw braids	12,000,000 yards
Synthetic dyestuffs	300 tons
Pitch	3,000 tons
Laboratory glassware	150 tons
Ferro silicon (75 percent silicon)	1,500 tons
90 percent silicon	800 tons
Industrial diamonds	5,432 karats

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Iridosmium	13 kilograms
Tea	800 tons
Dried mushrooms	16 tons
Aquatic products (Sea Slug, Sea Anemone, Dried Abalone, Dried shark fin)	108 tons
Canned foodstuffs	5,000 tons
Domestic rabbit furs	300,000 pelts
Silver fox furs	177 pelts
Red fox furs	759 pelts
Cross fox furs	10 pelts
Range fox furs	300 pelts
Marten furs	1,858 pelts
Sea Otter furs	6 pelts
Silkworm (egg cards)	1,500 kilograms
Telephone poles	120,000 cubic feet
Mining timbers	2,460,000 cubic feet
Railway ties	420,000 cubic feet

Exports programs for silk and rayon mixed fabrics, leather manufactures, pearls, luxury and art textiles, lacquer wares and potteries are contingent upon amounts made available for sale to U. S. Army General Purchasing Office and Army Exchanges. Final export programs must await formulations of Army Exchange 1946 sales plans. Stocks of above items, with the exception of silk and rayon fabrics, have not been listed. Since data on U. S. Army occupation and Army Exchange requirements out of such stocks are not now available.

Stocks of antimony and tin listed above are based upon latest reports by the Eighth Army. U. S. commercial company representatives, Tokyo, being currently posted regarding any foregoing stocks which may be of possible U. S. interest.

CONFIDENTIALFEC 032/11 May 1946

CLASSIFICATION CHANGED	
TO	<u>Unclassified</u>
BY	<u>FEC-032/28</u>
DATE	<u>4/6/57</u>
BY FAR EASTERN COMMISSION	

COPY NO. 154POLICY 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

CLASSIFICATION CHANGED	
TO	<i>Unclassified</i>
BY AUTHORITY OF	<i>48C-032/20</i>
E-N-C-L-O-S-U-R-E	<i>4/6/57</i>
BY	-----

POLICY 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". Requirement for such supplies will be submitted by you to War Department

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for consideration and approval and to the extent approved, War 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 recommendation 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

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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.

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 and 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

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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:

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. 148FEC-032/27 June 1946FAR EASTERN COMMISSIONPROPOSED POLICY ON DESTINATION OF
JAPANESE EXPORTSNote by the Secretary General

1. The enclosure, a United States proposal of policy on the destination of Japanese exports, submitted by the United States Representative is circulated herewith for the information of the Far Eastern Commission, and is referred to COMMITTEE NO. 2: ECONOMIC AND FINANCIAL AFFAIRS.

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

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CONFIDENTIALE N C L O S U R EPROPOSED POLICY ON DESTINATION OF JAPANESE EXPORTS

1. Except for commodities subject to formal international allocation a primary objective in selection of the destination of an export is to maximize the proceeds. Factors to be taken into account in assessing the value or proceeds of sale are price, the purchasing power of the currency for which the commodity is sold, and the availability of necessary imports which can be procured with the proceeds of the export.

2. Commercial exports as distinct from commodity movements on reparations account or restitutions shall be made only to those recipients who agree to provide imports necessary for Japan in exchange or agree to pay for Japanese exports in foreign exchange usable for procuring necessary imports. Foreign exchange is considered usable under any of the following circumstances:

- a. Freely convertible into dollars or other so-called "hard" currencies.
- b. Inconvertible, but usable to pay for imports already purchased (whether or not shipped), but not paid for.
- c. Inconvertible, but stable in value and subject to a specific agreement with the area within which the currency is valid - subject to the condition that excess balances of the currency in question arising from sale of Japanese exports, not usable for purchase of imports, within a reasonable time period, will be made convertible into dollars.

3. Commodities which are in short world supply and which are subject to allocation by the Combined Boards or similar committees and their successors (hereinafter referred to as the "Allocating Authorities"), should be allocated for sale in cooperation with such Allocating Authority, and after consultation with members of the Far Eastern Commission through the Inter-Allied Trade Board. The Allocating Authority should be

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fully appraised of the interests of Far Eastern Commission member of countries who are not on the Allocating Authority.

4. In the case of commodities which on the advice of the Inter-Allied Trade Board are determined to be of substantial importance and in short world supply, but not subject to allocation by an Allocating Authority, an allocation may be made by the United States Government after proper consultation with the Inter-Allied Trade Board. In determining such allocations, the primary objective should be to maximize the proceeds of the export. If alternative purchasers of the commodity offer similar terms, allocations should be arrived at on the basis of:

- a. requirements of countries for industrial raw materials,
- b. the pre-war pattern of trade,
- c. and the necessity to obtain exchange usable in paying adverse net import balances.

5. In the case of commodities not in short world supply, competitive bids and the highest net offer will in general govern the destination of an export. Other factors to be given due consideration when the net returns from alternative purchasers are similar are:

- a. pre-war pattern of trade, except where such trade would promote dependence of other countries on Japan for strategic products,
- b. and the necessity to obtain exchange usable in paying adverse net import balances.

CONFIDENTIALCOPY NO. 168FEC-032/37 October 1946FAR EASTERN COMMISSIONINTERIM IMPORT-EXPORT POLICIES FOR JAPANNote by the Secretary General

1. Enclosure "A", a summary of Interim Import-Export Policies, submitted by the United States Member, 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. The United States Member draws attention to the fact that many of the provisions are already in force as a result of earlier directives (See FEC-015 and FEC-032/1).

3. Enclosure "B" is submitted to provide elaboration of the views of the United States Government on the control of Japanese trade and to inform the Commission of certain administrative arrangements for control of trade now in effect.

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

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CONFIDENTIALENCLOSURE "A"INTERIM IMPORT-EXPORT POLICIES FOR JAPANI. Long-range Policy Objectives

1. As soon as possible Japanese trade should be restored to private hands. The policies set forth in this statement, therefore, should be regarded as applying to a fairly short period.

II. Interim Controls

2. All imports to and exports from Japan will take place exclusively under the direct control of the Supreme Commander for the Allied Powers. For the present no government or individual will have contact with the Japanese Government or Japanese individuals except as authorized by the Supreme Commander.

3. The Japanese Government subject to the supervision of the Supreme Commander will be responsible 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;

c. Provision of all funds and conduct of internal financial arrangements necessary to these operations.

4. External purchases and sales will be on a government-to-government basis. The Japanese Government or its agent will make all sales and purchases and will guarantee title. The Supreme Commander will approve all transactions. The purchaser from or seller to Japan will be a government agency of an Allied country or, if a non-government firm, the transaction must be arranged for by an official trade representative of an Allied Power which will take responsibility for the transaction.

III. Development of an Import-Export Program

5. The Supreme Commander for the Allied Powers will be responsible for ascertaining the types and amounts of goods available for export, taking into consideration world shortages and the needs of

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members of the United Nations for commodities, and for recommending the types and amounts of goods to be imported. The trade program developed and recommended by the Supreme Commander will be reviewed by the appropriate Washington authorities.

6. The Supreme Commander will dispose of all approved export items, disposition of which is not reserved by the United States Government. Such disposition will be for United States dollars, for other currencies approved by the United States Government or by barter exchange for goods included in approved import programs. Export for other currencies or of reserved items (mostly commodities in world short supply) are subject to prior approval by the U. S. Government. If a currency has been generally approved, however, individual transactions involving such currencies do not require approval.

7. In an emergency, the Supreme Commander may import without prior approval not more than two months' import requirements of any item in the categories defined in 9 a. and 9 b. below except for supplies subject to allocation or programming by the United States or international authorities.

8. In an emergency, if necessary to procure needed approved imports either through barter or by accumulating foreign exchange, the Supreme Commander may export without prior approval a maximum of 5 percent of any reserve on hand or one month's output of current production.

IV. Imports

9. There are three possible categories of imports:

a. Imports required to prevent such widespread disease and unrest as would endanger the occupying forces;

b. Imports required to accomplish the objectives of the occupation;

c. Other imports requested by the Japanese Government.

10. For the time being import programs under categories 9 a. and b. are authorized subject to availability of items and funds

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and such other limitations as may be operative. Category 9 c. imports are not authorized until it is possible to appraise more accurately than can be done at present, the comparative need of the Japanese economy for such imports, the foreign trade position of Japan, the amount of proceeds of exports required to pay for imports under a and b above, and other costs of the occupation to be paid for by export surpluses.

11. The commodity requirements for prevention of disease and unrest and to accomplish the objectives of the occupation will be met to the maximum extent by indigenous resources and to the minimum extent by imports.

V. Exports

12. No goods should be exported from Japan which are clearly required to meet the minimum subsistence needs of the Japanese people.

13. For the present no fixed capital goods or equipment, except that which results from current production, should be exported to pay for imports.

14. Export industries should not be developed when the character of such industries would contribute significantly to the maintenance or development of Japan's war-making potential or which would promote dependence of other countries on Japan for strategic products. Exports of textiles and other consumption goods which are in world short supply, especially in Asiatic countries, should be stimulated to the maximum practicable extent.

15. The proceeds of all exports resulting from current production inclusive of current production of gold or other precious metals will be used in the first instance to pay for both past and current imports under categories 9 a. and b.

16. For the present no exports from current production will be made on reparations account.

17. The proceeds of exports of stocks of materials not subject to restitution in accordance with the Far Eastern Commission policy

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shall also be used in the first instance to pay for imports.

18. Stocks of jewels, precious metals and cultural objects, not subject to restitution in accordance with the Far Eastern Commission policy and not including, for the time being, gold and silver, may be exported and the proceeds used to pay for imports under categories 9 a and 9 b.

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ENCLOSURE "B"

I. Long Range Policy Objectives of the United States with Respect to Japanese Trade.

1. It is the purpose of the United States Government to foster the development of conditions in Japan which will contribute to the balanced growth of international trade. In pursuit of this goal, it is recognized that United States policy calls for the progressive reduction of state trading, export and import quotas, and similar obstacles to the free flow of goods and services between nations.

2. The complete attainment of the desired conditions of foreign trade is hampered by a number of circumstances not only in Japan but in the world at large; but the most immediate barriers to the relaxation of Allied control over Japanese trade and to its gradual restoration to private hands are (a) the non-availability for trade purposes of existing Japanese foreign assets, over which control must be maintained for reparations and economic security reasons, (b) the consequent necessity for re-establishing channels for financing commodities which Allied policy will permit to enter into Japanese import-export trade, and (c) the shortage of adequate housing, food, and transport facilities, preventing the entry of foreign traders into Japan.

3. It is concluded that, since these obstacles to the resumption of private trade are capable of being removed, the policies and procedures described in this paper should be regarded as applying to a fairly short period. It is further concluded that, in order to make sure these current policies and procedures do not persist beyond the necessity for them, they should be subjected to re-examination after January 1, 1947; and that April 1, 1947, be selected as a target date by which the United States Government, in conjunction with the Supreme Commander and the Far Eastern Commission, will have adopted a plan covering at least the initial steps in the de-controlling of Japanese trade, including a description of such initial steps and the date on which they shall be inaugurated.

CONFIDENTIALII. Definition of Import Categories (See para. 9, Enclosure "A").

4. The United States Government considers that import categories 9 a and b may be defined as follows:

a. Imports under category 9 a may be defined as

(1) Food, and medical supplies, and clothing necessary as immediate relief distribution;

(2) Supplies of transport equipment or fuel necessary to maintain food output and distribution and essential services;

(3) Equipment or supplies necessary for providing basic food and clothing and shelter needs required to prevent disease and unrest, such as fertilizer, equipment for fishing vessels, cotton for textiles, spare parts for flour mills, etc.

Such imports include those which will enable local production of supplies which would otherwise have to be imported under this category.

b. Imports under category 9 b may be defined as imports necessary to maintain the minimum peaceful economy permitted Japan by the Potsdam Declaration. Such imports may be required for

(1) Rehousing Japan's urban population on a basis which will be healthful according to housing standards in Japan;

(2) Feeding Japan sufficiently well to maintain long-run health (subject to food availability and principles of FEC-026/3);

(3) Revival of non-war industries producing consumer goods to provide employment and curb inflation;

(4) Operation of those plants in an industry subject to reparations which qualify for permanent retention in Japan;

(5) Equipment and supplies for such export industries

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as are necessary to enable Japan to pay for minimum imports of items in category 9 a.

(6) Implementation of the reorientation program.

III. Administrative Arrangements.

5. The Supreme Commander will develop an over-all export and import program for Japan. In order to insure continuity in planning, such programs should be based on a 12 month period, the program for the first 6 months of which should be established as firmly as possible. These programs should be revised as frequently as necessary, but insofar as possible on a quarterly basis.

6. The United States Government reviews the proposed import-export programs. The following steps are included:

a. The programs are forwarded to the Far Eastern Commission for information and possible policy consideration.

b. The War Department reviews the import program from point of view of "technical screening", availability of funds and of items. After this review the Supreme Commander is informed as to the extent his import program can be implemented.

c. The United States Government consults other governments, by methods approved by the Far Eastern Commission (Inter Allied Trade Board if voted by the Far Eastern Commission), as to sources of imports and destinations of exports. After such consultation the Supreme Commander is informed as to the items on the program for which procurement or sale is his direct responsibility and items on which specific instructions will be issued.

d. During a period of severe world food shortage the appropriate agencies of the United States Government review requests for food imports in light of policy statement FEC-026/3.

e. Appropriate agencies examine the export programs as to feasibility of sale at profitable prices, likely markets, etc., and the Supreme Commander for the Allied Powers is advised accordingly. Any comments from other governments are also sent

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to the Supreme Commander for his information.

7. A record is maintained of all import and export transactions and periodic reports are made to the United States Government and to the Far Eastern Commission.

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COPY NO. _____

FEC 032/422 October 1946FAR EASTERN COMMISSIONIMPORT-EXPORT PROGRAM FOR JAPANNote by the Secretary General

1. The enclosures, programs of imports and exports for Japan for the last six months of 1946, prepared by the Supreme Commander for the Allied Powers and submitted by the United States Representative, are circulated herewith for the information of the Far Eastern Commission and are referred to COMMITTEE NO. 2: ECONOMIC AND FINANCIAL AFFAIRS.

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.

FEC 032/4

ENCLOSURE "A"JAPANESE CIVILIAN IMPORT REQUIREMENTS PR
REVISION I

(Period: 1 July - 31 December 194

(Unit - metric tons)

Item No.	Commodity	(Unit - metric tons)		
		Category I Prevention of Disease & Unrest	Category II Objectives of Occupation	Category III Japanese Reque in addition to Cats. I & II
1.	Cereals (Rice equivalents) (Including Soybeans)	748,500 (63,000)	244,000 (41,000)	126,000 (10,000)
2.	Vegetable Oils	30,000	55,000	15,870
3.	Sugar	5,000	94,000	108,485
4.	Salt - edible	280,000	Nil	Nil
5.	Feedstuffs (livestock)	150,000	Nil	Nil
6.	Phosphate Rock (33% P2O5)	315,000	Nil	80,000
7.	Nitrogen Fertilizer (N Content)	90,000	Nil	Nil
8.	Potash (K2O - 50%)	31,500	Nil	36,800
9.	Horse Beans	4,055	Nil	Nil
10.	Gasoline	459,926 (bbls.)	270,874 (bbls.)	Nil
11.	Kerosene	56,700 "	Nil	Nil
12.	Gas Oil	220,500 "	Nil	188,055
13.	Diesel Oil	995,400 "	Nil	565,788
14.	Transformer Oil	Nil	12,159 "	Nil
15.	Paraffin	750	3,500	3,600
16.	Coal (Coking & Anthracite)	200,000	200,000	375,000
17.	Magnesia Clinker	5,000	13,500	Nil
18.	Coal Tar Products	476	2,000	8,134
19.	Asphalt	Nil	25,000	Nil
20.	Rubber - Scrap	3,000	3,000	Nil
21.	Rubber - Synthetic	2,000	2,000	44
22.	Arsenic Acid	730	530	Nil
23.	Asbestos - crude and fiber	2,867	2,867	2,188
24.	Perax Ore	1,700	2,000	2,900

ENCLOSURE "A"

ITALIAN IMPORT REQUIREMENTS PROGRAM
 REVISION I
 Period: 1 July - 31 December 1946)

(Unit - metric tons)

Category II	Category III	Proposed Sources	Remarks
Objectives of Occupation	Japanese Requests in addition to Cats. I & II	of Supply	see Reference as indicated
244,000 (41,000) 55,000	126,000 (10,000) 15,870	Java, Siam, U.S.A., Manchuria	1a
94,000	108,485	Malay, Sumatra, Philippines, U. S. A., China and Korea	2
Nil	Nil	Formosa, Java, Cuba	1b
Nil	Nil	U.S.A., China, Formosa	1c
Nil	80,000	China, Korea, India	3
Nil	Nil	Kita Daito, Haichow, Haiphong, U.S.A., Angaur, Christmas Is.	4
Nil	Nil	U.S.A., China	4
Nil	36,800	Palestine, Germany	4
Nil	Nil	China	4
270,874 (bbls.)	Nil	U.S.A.	5
Nil	Nil	U.S.A.	5
Nil	188,055 (bbls.)	U.S.A.	5
Nil	565,788 "	U. S. A.	5
12,159 "	Nil	U.S.A.	5
3,500	3,600	U.S.A.	5
200,000	375,000	Korea, No. China, French Indo- China, U.S.S.R.	6
13,500	Nil	Korea	7
2,000	8,134	U.S.A.	56
25,000	Nil	U.S.A.	8
3,000	Nil	U.S.A.	9
2,000	44	U.S.A.	9
530	Nil	U.S.A., Formosa	10
2,867	2,188	U.S.A., Canada	11
2,000	2,900	U.S.A., Kwantung, China	12

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Item No.	Commodity	Category I Prevention of Disease & Unrest	Category II Objectives of the Occupation	Category III Japanese Reques in addition to Cats. I & II
25.	Carbon Black	250	350	560
26.	Carnaube Wax	Nil	Nil	45
27.	Chlorine	1,050	Nil	Nil
28.	Cobalt Oxide	Nil	10	Nil
29.	Copal	Nil	100	600
30.	Dyeing Materials (Intermediates)	Nil	4,058	Nil
31.	Glue	Nil	2,400	Nil
32.	Natural Lacquer	Nil	100	250
33.	Nickel Sulphate	Nil	150	Nil
34.	Rosin	1,800	1,800	Nil
35.	Seaweed	Nil	1,300	Nil
36.	Salt - industrial	Nil	172,000	Nil
37.	Starch	Nil	5,000	Nil
38.	Steerin	Nil	Nil	22,100
39.	Sticklac	Nil	1,200	Nil
40.	Strontium Nitrate	Nil	12	Nil
41.	Tallow	Nil	800	200
42.	Tanning Materials	12,000	6,000	Nil
43.	Nicotine Sulphate	65	Nil	182
44.	Derris Root	75	Nil	175
45.	Zinc Chloride	Nil	170	Nil
46.	Insecticides	913	Nil	Nil
47.	Narcotics	(\$1,500,000)	Nil	Nil
48.	Medical & Dental Supplies	2,742	(\$6,545,000)	Nil
49.	Graphite(Crystalline and Amorphous)	13,000	9,600	2,400
50.	Mica(Hard & Soft)	Nil	300	149
51.	Pig Iron	Nil	135,000	Nil
52.	Pyrophyllite	1,000	Nil	Nil
53.	Talc	1,400	1,500	12,914
54.	Vanadium Concentrate	9	Nil	Nil
55.	Cotton, Raw	Nil	250,000	Nil
56.	Wool, Raw	Nil	12,250	450
57.	Coir, Sisal or Henequen	Nil	2,500	17,817
58.	Jute, Incl. Bags & Bagging	3,000	6,000	Nil
59.	Jute Seed	Nil	13	Nil

Category II Objectives of the Occupation	Category III Japanese Requests in addition to Cats. I & II	Proposed Sources of Supply	Remarks (see reference as indicated)
350	560	U.S.A., Formosa	13
Nil	45	Brazil	--
Nil	Nil	U.S.A.	14
10	Nil		17
100	600	N.E.I. (Celebes)	18
4,058	Nil	U.S.A.	19
2,400	Nil	U.S.A., Australia	16
100	250	China, French Indo-China	20
150	Nil	England, U.S.A.	21
1,800	Nil	U.S.A.	22
1,300	Nil	Korea, Formosa	23
172,000	Nil	U.S.A., China, Formosa	15
5,000	Nil	U.S.A.	24
Nil	22,100 (kgs)	U.S.A.	--
1,200	Nil	Siam, French Indo-China	25
12	Nil	U.S.A.	26
800	200	U.S.A.	27
6,000	Nil	South Asia, South Africa, Paraguay	28
Nil	182	U.S.A.	29
Nil	175	Formosa, Malay	29
170	Nil	U.S.A.	30
Nil	Nil	U.S.A.	31
Nil	Nil	U.S.A.	31
545,000) Nil	Nil	U.S.A.	31
9,600	2,400	Korea	32
300	149	Hard Mica-Inda; Soft Mica-Canada	33
135,000	Nil	North China, Korea, Inda	34
Nil	Nil	Korea	35
1,500	12,914	Korea, U.S.A.	36
Nil	Nil	U.S.A.	37
250,000	Nil	U.S.A., India	38
12,250	450	Australia, U.S.A.	39
2,500	17,817	India, Java, Mexico	40
6,000	Nil	India	41
13	Nil	Formosa	42

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Enclosure "1"

Item No.	Commodity	Category I Prevention of Disease & Unrest	Category II Objectives of the Occupation	Category Japanese in ad Cats.
60.	Iepironia Mats (Ampera)	Nil	300,000 (shits)	100,00
61.	Kraft Pulp	Nil	7,500	19,72
62.	Kraft Paper	1,000	2,000	NI
63.	Water-proofed Paper	Nil	4,655,000 (sq Yds)	NI
64.	Asbestos Diaphragm	380	Nil	NI
65.	Band Saws	Nil	100	NI
66.	Bristles	Nil	1	NI
67.	Horns and Shells	Nil	11	NI
68.	Iauan Timbers	Nil	Nil	9
69.	Linotype Machines	Nil	8 (4 ea)	NI
70.	Linotype Matrix & Type	Nil	1/5	NI
71.	Needle Points, Spare Parts for Silk Hosiery Knitting	Nil	450,000 pcs.	NI
72.	Perfume	Nil	Nil	60,00
73.	Tegusu (Wormgut)	7	Nil	NI
74.	Tractors (Diesel: 20-30 H.P.)	60 (20 ea)	Nil	NI
75.	Tractors (D8 Caterpillar)	200 (40 ea)	Nil	NI
76.	Bulldozers	200 (20 ea)	Nil	NI
77.	Rooters	200 (20 ea)	Nil	NI
78.	Weeders	8 (20 ea)	Nil	NI
79.	Trucks 2 1/2 ton 6 x 6 cargo	Nil	2,500 (units)	NI
80.	Trucks 3/4 ton 4 x 4 Weapon Carr.	Nil	1,900 (units)	NI
81.	Trucks 2 1/2 ton 6 x 6 Dump	Nil	300 (units)	NI
82.	Trailers 1 ton 2 wheel	Nil	2,000 (units)	NI
83.	Trailers 1/4 ton 2 wheel	Nil	2,650 (units)	NI
84.	Trailers 1 ton 2 wheel (250 gal. water tank)	Nil	500 (units)	NI

Category II Objectives of the Occupation	Category III Japanese Request in addition to Cats. I and II	Proposed Sources of Supply	Remarks: (see refer- ence as indie- cated)
300,000 (shts)	100,000 (shts)	China	43
7,500	19,720	Karafuto, Canada	44
2,000	Nil	Canada	45
4,655,000 (sq Yds)	Nil	U.S.A.	46
Nil	Nil	U.S.A.	47
100	Nil	U.S.A.	48
1	Nil	U.S.A., China	49
11	Nil	Australia, Bangkok, China, U.S.A., Canada, Macassar	50
Nil	95	Philippines	--
8 (4 ea)	2 (1 ea)	U.S.A.	51
1/5	Nil	U.S.A.	51
450,000 pcs.	Nil	U.S.A.	52
Nil	60,000 (kgs)	South Seas, Formosa	--
Nil	Nil	China	54
Nil	Nil	U.S.A.	53
Nil	Nil	U.S.A.	53
Nil	Nil	U.S.A.	53
Nil	Nil	U.S.A.	53
Nil	Nil	U.S.A.	53
2,500 (units)	Nil	U.S.A.	55
1,900 (units)	Nil	U.S.A.	55
300 (units)	Nil	U.S.A.	55
2,000 (units)	Nil	U.S.A.	55
2,650 (units)	Nil	U.S.A.	55
500 (units)	Nil	U.S.A.	55

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Enclosure "A"

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ECONOMIC AND SCIENTIFIC SECTION. Import-Export Division

PEC-032/4

CONFIDENTIALJAPANESE CIVILIAN IMPORT REQUIREMENTS PROGRAM, REVISION I
(PERIOD: 1 JULY 1946 - 31 DECEMBER 1946)

END USE AND JUSTIFICATIONS

No.	Item	Category I	Category II
1.	Food:	This requirements represents the minimum quantity needed to maintain distribution of the staple food ration of 1042 calories. It is assumed that the additional rations of vegetables, fish and soy products plus a certain irreducible minimum of food secured by black market or barter will provide approximately 1550 calories. (see radio W 90201 dated 6 June 1946.)	Supplementary rations are necessary to encourage a limited revival of industrial production for the development of indigenous resources such as coal.
1a	Cereals Rice, Wheat, Wheat Flour, Soy Beans		
1b	Sugar		
1c	Salt	Provides basic food ration of 14.2 grams daily after providing for normal losses in processing and distribution; also includes requirements for packing of fish. (Radio CA 57156 - Part 7)	
2.	Vegetable Oils	Will contribute to the minimum diet of 1550 calories; also needed for the manufacture of soap. It is desirable to import materials such as copra, husked coconut and cottonseeds to produce these oils because there is a strong requirement for animal fodder for which the by-products of these materials can be used.	For many important industrial uses such as textile manufacturing, cleansers, lubricants, tanning, etc., all which are urgently needed to achieve SCAP objectives in this category.
3.	Feedstuffs	The critical food shortage has contributed to the acute shortage of livestock feed. It is urgent to provide feed for dairy cows, draught animals and breeding stocks.	

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No.	Item	Category I	Category II
4.	Fertilizers	<p>Because of wartime stringency in supply of fertilizers to Japan and the infertile nature of the soils, plus the fact that residual fertilizer has been exhausted by progressively lower application to crops since 1941, failure to secure fertilizers requested would be followed by serious crop reductions in late 1946 and 1947. Long-time field experiments in Japan show that in the absence of normal nitrogen, phosphorus and potash applications over a period of years, crop yields decreased appreciably.</p> <p>It is estimated that one ton of nitrogenous fertilizer increases the rice by 2.8 tons; for wheat, the increase is 3.7 tons. For phosphatic fertilizers, it is estimated that one ton of phosphate rock will increase rice yield about 2.8 tons and for wheat or barley, 6.3 tons. For potash, it is estimated that one ton of potassic fertilizer will increase yield of potatoes 20 tons.</p>	
5.	Petroleum Products (Gasoline, Kerosene, Gas Oil, Diesel Oil, Transformer Oil, Wax (Including Paraffin))	<p>Urgently required for vital transportation, fishing vessels, mining, agriculture, forestry, and public health projects. All of these uses are directly connected with the overall SCAP programs for this category.</p>	<p>For minimum essential industrial manufactures such as textiles, rubber, mining, explosives, etc. Transformer Oil will be used for dependency housing project. Gasoline will be used by surplus trucks proposed in this import program for sale to the Japanese.</p>
6.	Coal	<p>Indigenous production, considerably off. Coal is urgently needed for the fertilizer production program.</p>	<p>Urgently needed for SCAP approved steel production program which is considered essential to SCAP objectives in this category.</p>
7.	Magnesia Clinker	<p>For the manufacture of firebrick to be used in urgent rehabilitation program.</p>	<p>Needed for essential steel production program.</p>
8.	Asphalt		<p>Required for minimum essential road repair and specifically approved SCAP construction.</p>

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No.	Item	Category I	Category II
9.	Rubber	Requested export by Washington of the better grades of rubber necessitate the import of both synthetic and scrap rubber to make possible the manufacture of urgently needed medical rubber goods, cable insulations, etc.	For the manufacture of essential items such as tires, industrial belting, necessary rubber manufactures.
10.	Arsenic Acid	For the manufacture of agricultural sprays and medicines.	Critical glass manufactures and export items.
11.	Asbestos	For the manufacture of diaphragm for fertilizer and caustic soda production	For industrial packagings, brake linings, etc., Domestic ash is of low grade and cannot be used for these needs.
12.	Borax Ore	For the production of medicines and hospital equipment (glass, enamelware).	Manufacture of glassware and chinaware for export.
13.	Carbon Black	Necessary in the manufacture of medical rubber goods.	Required in the manufacture of tires, industrial belting, etc.
14.	Chlorine	Urgently needed for SCAP's Public Health and Welfare program. Immediate delivery desired.	
15.	Salt		100,000 tons of this quantity are needed for the rayon production program; balance for important SCAP approved production programs such as troop and dependency housing, communications maintenance, etc.
16.	Glue	For manufacture of plywood for troop and dependency housing program; for essential rehabilitation.	
17.	Cobalt Oxide		Essential for the manufacture of enamelware and chinaware for the troop and dependency housing program and for the manufacture of essential pharmaceutical equipment.
18.	Copal		Needed for urgent electrical manufactures, varnish, mica board, dental instruments, and records for SCAP's information and Education program.

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No.	Item	Category I	Category II
19.	Dyeing Materials		Needed in the cotton program and for dyeing silk piece goods.
20.	Natural Lacquer		Lacquer manufactures are being encouraged to support the proposed export program; also required in the troop and dependency housing program.
21.	Nickel Sulphate		For nickel plating and in electric cells for alkaline batteries.
22.	Rosin	Necessary in the manufacture of medical rubber goods.	Required in the manufacture of essential varnishes, insulations, printing inks, linoleum, rubber and lacquerware.
23.	Seaweed		Certain species imported from Korea are essential to the production of agar agar, which commodity is a prime export item.
24.	Starch		Needed in the cotton program.
25.	Sticklac		Needed for insulations, varnishes; also necessary for the manufacture of records for SCAP's Information and Education program.
26.	Strontium Nitrate		Needed for vacuum tube manufacturing.
27.	Tallow		Needed in the cotton program.
28.	Tanning Materials	Needed for the tanning of new fish nets and nets now in use.	For tanning hides to be used for essential industrial purposes.
29.	Nicotine Sulphate) Derris Root)		Necessary to provide protection against sucking insects.
30.	Zinc Chloride		Needed in the cotton program.
31.	Insecticides) Narcotics) Med. and Den-) tal Supplies)	Immediate delivery urgently desired to support SCAP's Public Health and Welfare Program.	

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No.	Item	Category I	Category II
32.	Graphite	For electrodes to be used in fertilizer production.	Urgently needed for SCAP approved steel production program and for essential electrical manufactures.
33.	Mica		Essential for the manufacture of three million radios for SCAP's Information and Education program.
34.	Pig Iron		Amount requested is the bare minimum required to maintain SCAP approved steel production. SCAP policy precludes the importation of iron ore.
35.	Pyrophyllite	Immediate delivery urgently desired to support SCAP approved Public Health and Welfare program.	
36.	Talc	Immediate delivery urgently desired to support SCAP approved Public Health and Welfare program.	Essential to the weaving of cotton yarns for the cotton program.
37.	Vanadium Ore	Urgently needed for the production of sulphuric acid which will be used to manufacture fertilizer and medical dyes.	
38.	Cotton Raw		This quantity falls within the cotton program approved by Washington.
39.	Wool, Raw		At present, Japan's spinning capacity of 35 million pounds annually is substantially idle. It is proposed to import \$26 million of wool from Australia. In return, Japan would make available to Australia equivalent value in wool yarns and fabric to balance the import. This proposal has been discussed with the Australians and favorably viewed by them. It is estimated that this import would allow Japan to retain approximately \$22,200,000 in wool yarn, noils and usable waste.

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No.	Item	Category I	Category II
			Thus, the following benefits would accrue to Japan: alleviation of the labor problem in the industry, creation of a limited export of wool products to be applied against other essential imports, provision of clothing for domestic use.
40.	Coir, Sisal, and Henequen (as substituted for Manila fibre or abaca)		To be used mainly for rope, cordage, fish nets, fine paper (incl. cigarette paper) and pedaline hat braid.
41.	Jute	Will be used to bag fertilizer, foods. Urgently required.	For urgent industrial uses, i.e., for cables, fuses, industrial packing, pipes, hose, linoleum, all of which are within SCAP approved programs.
42.	Jute Seed		It is desired to encourage local production to support end uses as described under item 41.
43.	Lepironia Mats		This is the only cheap acceptable packing material for silk bales.
44.	Kraft Pulp		Will be used to manufacture paper for purposes mentioned under Item 45 and also, for export products.
45.	Kraft Paper	Urgently needed for packaging fertilizers and milled wheat.	To be used to package cement which must be produced for the troop and dependency housing program and urgent reconstruction program.
46.	Waterproof paper		Cotton textile exports must be wrapped in water-proofed paper.
47.	Asbestos Diaphragm	Necessary to the fertilizer production program. Present capacity not sufficient to meet urgent diaphragm requirements.	
48.	Band Saws		Immediate delivery urgently required to produce planking for the troop and dependency housing program.

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No.	Item	Category I	Category II
49.	Bristles		To be used to manufacture brushes for export. This type export is desirable because it requires a minimum import and utilizes a substantial ratio of labor.
50.	Horns and Shells		For handicraft items for export. This type of export is desirable because it requires a minimum import and utilizes substantial ratio of labor.
51.	Linotype Machines Matrix and Type		For setting type for "Stars and Stripes", published by the Information and Education Section for distribution to the Occupation troops in Japan and Korea; also for the "Nippon Times" published in English, and for books and directives issued by SCAP.
52.	Needle Points spare parts, etc.		Urgently required for the production of silk hose to be used for export and for the Occupation.
53.	Tractors	Urgently required for agriculture development (land reclamation) in support of the 1947 food program. It is strongly recommended that early approval be given to this requirement. War surplus equipment is acceptable.	
54.	Tegusu	Needed for constructing fishing equipment.	
55.	Trucks and Trailers		Acute shortage of commercial vehicles endangers essential production and distribution. It is proposed to procure these vehicles from AFWESPAC surplus through the Foreign Liquidation Commission.
56.	Coal Tar Products, Methylnaphthalene, Cresol, Benzol and Benzene	For Public Health and Welfare program. (For manufacture of indene, secticide sprays.)	For the manufacture of bakelite to be used for production and maintenance in SCAP approved communication program.

ECONOMIC AND SCIENTIFIC SECTION
 Import-Export Division,
 Program Branch
 11 June 1946
 Enclosure "A"

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ENCLOSURE "B"

JAPANESE EXPORT PROGRAM* REVISION I
Period: 1 July - 31 December 1946

COMMODITY	UNIT OF QUANTITY	1st HALF 1946 (COMPLETED SHIPMENTS)	2d HALF 1946	TOTAL 1946
<u>TEXTILES</u>				
Raw Silk	Bales	40,000	90,000	130,000
Assorted Silk Fabrics	Sq. Yds.	Nil	78,000,000	78,000,000
Rayon Fabrics	Sq. Yds.	Nil	40,000,000	40,000,000
Cotton Fabrics	Sq. Yds.	Nil	800,000,000	800,000,000
Angora Rabbit Wool	Pounds	Nil	60,000	60,000
Cotton Yarns	Pounds	Nil	40,000,000	40,000,000
Textile Machinery	Dollars	Nil	300,000	300,000
Woolen & Worsted Piece Goods	Sq. Yds.	Nil	2,225,000	2,225,000
Wool Yarns	Pounds	Nil	4,000,000	4,000,000
Rayon Yarns	Pounds	Nil	2,000,000	2,000,000
Silk Waste	Pounds	Nil	5,000,000	5,000,000
Cotton Knit Underwear	Pounds	Nil	1,000,000	1,000,000
Spun Silk Yarns	Pounds	Nil	500,000	500,000
Linen Fabrics	Sq. Yds.	Nil	3,500,000	3,500,000
Silk Hosiery (Full Fashioned)	Dozen	Nil	25,000	25,000
<u>RUBBER</u>				
Crude Rubber	Met. Tons	Nil	7,500	7,500
Rubber Manufactures	Met. Tons	Nil	2,000	2,000
<u>CHEMICAL, DRUG & HEALTH SUPPLIES</u>				
Nitric Acid	Met. Tons	Nil	350	350
Sulfuric Acid	Met. Tons	Nil	600	600
Tartaric Acid	Met. Tons	Nil	18	18
Citric Acid	Met. Tons	Nil	22	22

ENCLOSURE "B"

EXPORT PROGRAM* REVISION I
1 July - 31 December 1946

2d HALF 1946	TOTAL 1946	ANTICIPATED PRINCIPAL MARKETS
90,000	130,000	U.S.A., India, U.K., France
3,000,000	78,000,000	U.S.A., India, U.K., Korea, Egypt, South Africa, Australia
0,000,000	40,000,000	China, India, Egypt, Straits Settlements, Iran, Aden
0,000,000	800,000,000	Philippines, Far East
60,000	60,000	U.S.A., U.K.
0,000,000	40,000,000	China, Middle East
300,000	300,000	India, China, Korea
3,225,000	2,225,000	China, India
4,000,000	4,000,000	China, India
2,000,000	2,000,000	China, Australia
5,000,000	5,000,000	U.S.A.
1,000,000	1,000,000	China, Burma, Netherland East Indies
500,000	500,000	U.S.A.
3,500,000	3,500,000	U.S.A.
25,000	25,000	U.S.A.
7,500	7,500	U.S.A.
2,000	2,000	Korea, Formosa, China, South Asia
350	350	Korea
600	600	Korea
18	18	U.S.A., Korea, Formosa, China, South Asia
22	22	U.S.A., South America, Korea, China, Formosa, U.S.S.R., South Asia

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<u>CONFIDENTIAL</u>		1st HALF 1946	2nd HALF 1946	TOTAL
COMMODITY	UNIT OF QUANTITY	(COMPLETED SHIPMENTS)		
<u>CHEMICAL, DRUG & HEALTH SUPPLIES (Cont'd)</u>				
Refined Camphor	Met. Tons	Nil	60	60
Patent Medicines	Met. Tons	Nil	1,500	1,500
Synthetic Dyestuffs	Met. Tons	Nil	600	600
Pitch	Met. Tons	8,500	5,000	13,500
Laboratory Equipment	Met. Tons	Nil	37	37
Toilet Goods	Met. Tons	Nil	2,000	2,000
Matches	Match Tons	Nil	11,000	11,000
Sulfur	Met. Tons	510	Nil	510
Chlorine	Met. Tons	12	Nil	12
Alum	Met. Tons	620	640	1,260
Salt (Edible Na Cl)	Met. Tons	4,000	Nil	4,000
<u>AGRICULTURAL & MARINE PRODUCTS</u>				
Dried Mushrooms	Met. Tons	Nil	550	550
Tee	Met. Tons	Nil	4,000	4,000
Vegetable Wax	Met. Tons	Nil	360	360
Agar-Agar	Met. Tons	Nil	500	500
Menthol Crystals	Met. Tons	Nil	48	48
Pyrethrum	Met. Tons	Nil	85	85
Crude Vitamins (A & D)	Met. Tons	Nil	75	75
Silk Worm Egg Cards	Grams	5,004,000	250,000	5,254,000
Sperm Oil (Spermacetti)	Met. Tons	Nil	200	200
Ginseng	Met. Tons	Nil	46	46
Tobacco (Yellow leaf)	Met. Tons	Nil	1,000	1,000
Mulberry Seedlings	Pieces	2,910,000	Nil	2,910,000
Vegetable Seeds	Kgs	11,194	Nil	11,194
Oyster Seeds	Cases	Nil	50,000	50,000
Lily Bulbs	Pieces	Nil	325,000	325,000

2nd HALF 1946	TOTAL 1946	ANTICIPATED PRINCIPAL MARKETS
D SHIPMENTS)		
60	60	U.S.A., Korea, Formosa, China, South Asia
1,500	1,500	Korea, Formosa, China, South Asia Philippines
600	600	Korea, Formosa, China, South Asia
5,000	13,500	Korea, China
37	37	Philippines, Korea, China
2,000	2,000	Korea, Formosa, China, South Asia
11,000	11,000	Korea, China, Hong Kong, Straits Settlements
Nil	510	Korea, U.S.S.R.
Nil	12	Korea (Emergency Shipment)
640	1,260	Korea
Nil	4,000	Korea (Trans-shipped from China)
550	550	U.S.A.
4,000	4,000	U.S.A., China, Canada, U.S.S.R.
360	360	U.S.A., China, Korea, U.K., France
500	500	U.S.A., Korea, U.K., China, Formosa
48	48	U.S.A., Korea, China
85	85	Korea
75	75	U.S.A.
250,000	5,254,000	Korea, China, U.S.S.R.
200	200	U.S.A.
46	46	China, Hong Kong, Straits Settlements
1,000	1,000	Siam, French Indo China, Egypt
Nil	2,910,000	China, Korea
Nil	11,194	Korea
50,000	50,000	U.S.A.
325,000	325,000	U.S.A.

Enclosure "B"

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<u>CONFIDENTIAL</u> COMMODITY	UNIT OF QUANTITY	1st HALF 1946 (COMPLETED SHIPMENTS)	2nd HALF 1946	TOTAL 1946
<u>MINERALS & METALS</u>				
Antimony (Refined)	Met. Tons	500	1,000	1,500
Tin (Refined Pig)	Met. Tons	2,000	8,000	10,000
Lead (Pig)	Met. Tons	5,000	10,000	15,000
Coal	Met. Tons	446,000	210,000	656,000
Tungsten Filaments	Pieces	Nil	1,200,000	1,200,000
Copper (Rods & Ingots)	Met. Tons	Nil	5,000	5,000
<u>METAL MANUFACTURES</u>				
Clocks & Watches	Units	Nil	50,000	50,000
Cameras	Units	Nil	10,000	10,000
Bicycles	Units	Nil	10,000	10,000
Standard Induction Motors	Units	Nil	5,000	5,000
Electric Light Bulbs	Units	Nil	800,000	800,000
Mining Cars & Trolleys	Units	Nil	300	300
Industrial Locomotives	Units	9	49	58
Lamp Reflectors (Household)	Units	Nil	100,000	100,000
Phonographs	Units	Nil	3,000	3,000
Adding Machines	Units	Nil	200	200
Electric Detonators	Pieces	150,000	1,305,000	1,455,000
<u>WOOD & WOOD PRODUCTS</u>				
Mining Timbers	Pieces	800,000	800,000	1,600,000
Railroad Ties	Pieces	149,682	150,000	299,682
Bamboo	Pieces	6,000	52,000	58,000
Bamboo	Bundles	54,000	11,000	65,000
<u>FURS</u>				
Silver Fox	Pelts	Nil	850	850
Red Fox	Pelts	Nil	5,440	5,440
Japanese Tanuki (Raccoon)	Pelts	Nil	7,500	7,500
Badger	Pelts	Nil	8,000	8,000
Japanese Mink (Weasel)	Pelts	Nil	110,000	110,000
Squirrel	Pelts	Nil	45,000	45,000
Marten	Pelts	Nil	9,200	9,200
Wild Rabbit	Pelts	Nil	400,000	400,000

2nd Half 1946 SHIPMENTS)	TOTAL 1946	ANTICIPATED PRINCIPAL MARKETS
1,000	1,500	U.S.A., U.K., France
8,000	10,000	U.S.A.
10,000	15,000	U.S.A.
210,000	656,000	Korea, Hong Kong
200,000	1,200,000	Korea
5,000	5,000	China
50,000	50,000	Korea, Formosa, China, South Asia
10,000	10,000	Korea, Formosa, China, South Asia
10,000	10,000	Korea, Formosa, China, South Asia
5,000	5,000	Korea, China, Formosa, South Asia
800,000	800,000	Korea, China
300	300	Korea, China
49	58	Korea, China
100,000	100,000	Korea, China, Formosa
3,000	3,000	Korea, China, Formosa, South Asia
200	200	Korea, China, Formosa, South Asia
305,000	1,455,000	China
800,000	1,600,000	China
150,000	299,682	China, Korea
52,000	58,000	Korea, U.S.A., China, U.K.
11,000	65,000	Korea
850	850	U.S.A.
5,440	5,440	U.S.A.
7,500	7,500	U.S.A.
8,000	8,000	U.S.A.
10,000	110,000	U.S.A.
45,000	45,000	U.S.A.
9,200	9,200	U.S.A.
100,000	400,000	U.S.A.

Enclosure "B"

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COMMODITY	UNIT OF QUANTITY	1946 (COMPLETED SHIPMENTS)	1946 (COMPLETED SHIPMENTS)	TOTAL 1946
<u>FURS (Cont'd)</u>				
Domestic Rabbit	Pelts	Nil	740,000	740,000
Flying Squirrel	Pelts	Nil	5,000	5,000
<u>HANDICRAFTS</u>				
Toys	Met. Tons	Samples	1,000	1,000
Buttons	Met. Tons	Samples	375	375
Musical Instruments	Met. Tons	Samples	60	60
Costume Jewelry	Met. Tons	Samples	1,500	1,500
Straw Braid	Pieces	Samples	150,000	150,000
Lacquer Ware	Pieces	Samples	395,000	395,000
Precious Metal Goods	Pieces	Samples	30,000	30,000
Ivory Products	Pieces	Samples	10,000	10,000
Tortoise Products	Pieces	Samples	2,500	2,500
Coral Products	Pieces	Samples	3,000	3,000
Wood & Bamboo Manufactures	Met. Tons	Samples	1,375	1,375
Wood Carvings	Pieces	Samples	7,500	7,500
Bamboo Products	Pieces	Samples	10,000	10,000
Figure Dyed Textiles	Pieces	Samples	77,500	77,500
Tapestries & Brocades	Pieces	Samples	42,000	42,000
Lace Work	Pieces	Samples	110,000	110,000
Embroidery	Pieces	Samples	28,000	28,000
Textile Braids	Pieces	Samples	30,000	30,000
<u>MISCELLANEOUS</u> Silk Carpets	Pieces	Samples	100	100
Ceramic Products (Excluding Glassware)	Met. Tons	Nil	10,000	10,000
Table Glassware	Dozen	Nil	50,000	50,000
Stationery Supplies & Misc.				
Paper Manufactures	Met. Tons	Nil	1,000	1,000
Paper (Japanese & Special)	Met. Tons	120	2,068	2,188

1946
(MENTS)

TOTAL 1946

ANTICIPATED PRINCIPAL MARKETS

000	740,000	U.S.A.
000	5,000	U.S.A.
000	1,000	U.S.A.
375	375	U.S.A.
60	60	U.S.A.
500	1,500	U.S.A.
000	150,000	U.S.A.
000	395,000	U.S.A.
000	30,000	U.S.A.
000	10,000	U.S.A.
500	2,500	U.S.A.
000	3,000	U.S.A.
375	1,375	U.S.A.
7,500	7,500	U.S.A.
000	10,000	U.S.A.
7,500	77,500	U.S.A.
2,000	42,000	U.S.A.
0,000	110,000	U.S.A.
8,000	28,000	U.S.A.
0,000	30,000	U.S.A.
100	100	U.S.A.
0,000	10,000	U.S.A., Canada, China, South Asia, Korea
0,000	50,000	Korea, N.E.I., Formosa, China, South Asia
1,000	1,000	Korea, China, Formosa, South Asia
2,068	2,188	Korea, U.S.A., China Formosa

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Enclosure "B"

COMMODITY	UNIT OF QUANTITY	1st HALF 1946 (COMPLETED SHIPMENT)	2nd HALF 1946	TOTAL 1946	
<u>MISCELLANEOUS (Cont'd)</u>					
Hand Tools (Saws, Picks, Chisels, Planes, etc.)	Met. Tons	Nil	2,000	2,000	Korea
Glass Manufactures (Mirrors, Thermos Bottles, Vases, etc.)	Met. Tons	Nil	200	200	Korea
Misc. (Razors, Enameled Ware, Kitchen Utensils)	Met. Tons	Nil	3,500	3,500	Korea
Others (Manufactures of Skins, Furs, Bones, Horns, Tortoise Shells- Shoe Polish, Sponges, Umbrellas)	Met. Tons	Nil	4,500	4,500	U.S.A.

2nd HALF
1946
(SHIPMENT)

TOTAL
1946

ANTICIPATED PRINCIPAL MARKETS

2,000	2,000	Korea, Formosa, China, South Asia
200	200	Korea, Formosa, China, South Asia
3,500	3,500	Korea, Formosa, China, South Asia
4,500	4,500	U.S.A., U.K., China, Korea, Formosa

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Enclosure "B"

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ECONOMIC AND SCIENTIFIC SECTION
Import-Export Division
Program Branch
13 June 1946

ETC-052/4

CONFIDENTIALFEC-032/5FEC-032/5COPY NO. 15512 December 1946FAR EASTERN COMMISSIONINTERIM IMPORT-EXPORT POLICIES FOR JAPAN(References: FEC-015; FEC-032/1, /3;
02-017/5)Note by the Secretary General

1. The enclosure, a revised draft of the proposed statement on Interim Import-Export Policies for Japan (FEC-032/3), approved by Committee No. 2: Economic and Financial Affairs at its thirty-eighth meeting, 11 December 1946, is forwarded herewith for the consideration of the STEERING COMMITTEE.
2. The Soviet and United States members reserved their positions generally on the whole document. In addition, the United States member reserved his position specifically on paragraph 15 of the enclosure and agreed to the deletion of paragraphs 7, 8 and 12 from FEC-032/3 on the condition that it be recorded in the minutes of the Commission meeting, when the paper is adopted, that it is understood that paragraphs 7 and 8 are matters of implementation, and that in the case of paragraph 12 the parallel clause in FEC-015 is still operative.
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-032/5

CONFIDENTIALE N C L O S U R EINTERIM IMPORT-EXPORT POLICIES FOR JAPANI. Long-range Policy Objectives

1. As soon as possible participation by private individuals and corporations in Japanese foreign trade will be authorized. The policies set forth in this statement, therefore, should be regarded as applying to a fairly short period.

II. Interim Controls

2. All imports to and exports from Japan will take place exclusively under the direct control of the Supreme Commander for the Allied Powers acting in accordance with the policies established in accordance with the terms of reference of the Far Eastern Commission. For the present, no government or individual will have contact with the Japanese Government or Japanese individuals except as authorized by the Supreme Commander.

3. The Japanese Government subject to the supervision of the Supreme Commander will be responsible 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;

c. Provision of all funds and conduct of internal financing arrangements necessary to these operations.

4. External purchases and sales will be on a government-to-government basis. The Japanese Government or its agent will make all sales and purchases and will guarantee title. The Supreme Commander will approve all transactions. The purchaser from or seller to Japan will be a government agency or, if a non-government firm the transaction must be arranged for by an official trade representative who will take responsibility for the transaction.

III. Development of an Import-Export Program

5. The Supreme Commander for the Allied Powers will be responsible for ascertaining the types and amounts of goods available for export, and for recommending the types and amounts of goods to be imported. The trade program developed and recommended by the Supreme Commander will be reviewed by the United States Government and forwarded to the Far Eastern Commission and the Inter-Allied Trade Board for Japan for consideration in accordance with their respective terms of reference.

6. The Supreme Commander will be notified by the United States Government, after consultation with the Inter-Allied Trade Board, of those approved export items for the disposal of which he will be directly responsible. In dealing with these he will be guided by the policies established in

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accordance with the terms of reference of the Far Eastern Commission relating to the destinations of exports and the terms of their sale. In the remaining cases the United States Government, in consultation with the Inter-Allied Trade Board, will reserve to itself the determination of allocations which will be notified to the Supreme Commander in due course. The disposition of exports will be for currencies which are acceptable in accordance with policies established in accordance with the terms of reference of the Far Eastern Commission or in exchange for imports necessary for Japan.

7. The Supreme Commander should make available to the Far Eastern Commission monthly returns showing completed imports and exports, and quarterly returns showing planned imports and exports and the state of Japan's balance of payments classified according to currencies.

IV. Imports

8. For the purposes of this paper imports are divided into the following three categories:

- a. Imports required to prevent such widespread disease and unrest as would endanger the occupying forces;
- b. Import required to accomplish the objectives of the occupation;
- c. Other imports requested by the Japanese Government.

9. For the time being import programs under categories 8 a and b are authorized subject to availability of items and funds and such other limitations as may be operative. Category 8 c imports are not authorized until it is possible to appraise more accurately than can be done at present, such factors as the comparative need of the Japanese economy for such imports, the foreign trade position of Japan, the amount of proceeds of exports required to pay for imports under a and b above, and other costs of the occupation to be paid for by export surpluses.

10. The commodity requirements for prevention of disease and unrest and to accomplish the objectives of the occupation will be met to the maximum extent by indigenous resources and to the minimum extent by imports.

V. Exports

11. For the present no fixed capital goods or equipment, except that which results from current production, should be exported to pay for imports.

12. Export industries should not be developed when the character of such industries would contribute significantly to the maintenance or development of Japan's war-making potential or if they would promote dependence of other countries on Japan for strategic products. Exports of textiles and other consumption goods which are in world short supply, especially in Asiatic countries, should be stimulated to the maximum practicable extent.

13. The proceeds of exports resulting from current production inclusive of current production of gold or other precious metals will be used in the first instance to pay for

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both past and current imports under categories 8 a and b.

14. The proceeds of exports of stocks of materials not subject to restitution in accordance with the Far Eastern Commission policy shall also be used in the first instance to pay for imports.

15. Stocks of gold, silver, cultural objects, other precious metals, precious stones and jewels, should not be exported for the time being.

*File*FEC-032/6RESTRICTEDFEC-032/612 December 1946FAR EASTERN COMMISSION

THE DESTINATION OF JAPANESE EXPORTS
(Reference: FEC-032/2; SC-031, /3;
C2-017, /2, /3, /6)

Note by the Secretary General

1. The enclosure, a revised draft of the proposed policy on the Destination of Japanese Exports (SC-031/3), approved by Committee No. 2: Economic and Financial Affairs, at its thirty-eighth meeting, 11 December 1946, by a vote of seven in favor, is forwarded herewith for the consideration of the STEERING COMMITTEE.

2. The Soviet and United Kingdom members reserved their positions on the enclosure.

3. At its forty-first meeting, 26 November 1946, the Steering Committee referred SC-031/3 back to Committee No. 2 for further consideration in the light of a proposed United States and Soviet amendment (C2-017/6).

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

NELSON T. JOHNSON
Secretary General

FEC-032/6

RESTRICTEDENCLOSURETHE DESTINATION OF JAPANESE EXPORTS

1. The primary objective in selecting the destinations of exports from Japan, subject to paragraphs 3 and 4, is to maximize the proceeds. Factors to be taken into account are price, the purchasing power of the currency for which the commodity is sold, and the availability of necessary imports which can be procured with the proceeds of the export.

2. Commercial exports as distinct from commodity movements on reparations account or restitutions shall be made only to those recipients who agree to provide imports necessary for Japan in exchange or agree to pay for Japanese exports in foreign exchange usable for procuring necessary imports. Foreign exchange is considered usable under any of the following circumstances:

a. Freely convertible into currencies which can be used for the purpose of procuring necessary imports.

b. Inconvertible, but usable to pay for imports already or concurrently purchased, but not paid for.

c. Inconvertible, but stable in value and subject to a specific agreement with the area within which the currency is valid - subject to the condition that excess balances of the currency in question arising from sale of Japanese exports, not usable for purchase of imports, within a reasonable time period, will be made convertible into dollars.

3. In determining the destinations of exports from Japan of commodities in world short supply or commodities whose import is of substantial commercial importance to a member of the Far Eastern Commission, consideration should be given to the interests of all members of the Far Eastern Commission. The Inter-Allied Trade Board may recommend individual treatment for different types of exports. Regard should be had for other factors, including those mentioned in paragraph 1, and also pre-war patterns of trade and requirements of countries for the commodities concerned.

RESTRICTEDFEC-032/7FEC-032/718 December 1946FAR EASTERN COMMISSIONTHE DESTINATION OF JAPANESE EXPORTS

(Reference: FEC-032/2; FEC-032/6; SC-031;
SC-031/3; C2-017, C2-017/2,
C2-017/3, C2-017/6)

Note by the Secretary General

The Steering Committee at its forty-fourth meeting, 17 December 1946, referred FEC-032/6, The Destination of Japanese Exports, back to the COMMITTEE NO. 2: ECONOMIC AND FINANCIAL AFFAIRS for further consideration.

NELSON T. JOHNSON
Secretary General

FEC-032/7

FEC-032/8RESTRICTEDFEC-032/818 December 1946FAR EASTERN COMMISSIONTHE DESTINATION OF JAPANESE EXPORTS

(Reference: FEC-032/2, /6; /7; SC-031,
/3; C2-017, /2, /3, /6)

Note by the Secretary General

1. The enclosure, a revised draft of the proposed policy on the Destination of Japanese Exports (FEC-032/6), approved by Committee No. 2: Economic and Financial Affairs at its thirty-ninth meeting, 17 December 1946, by a vote of 8 to 1, is forwarded herewith for the consideration of the STEERING COMMITTEE.

2. The Soviet member opposed the motion approving the document, and the United States member abstained from voting.

3. At its forty-fourth meeting, 17 December 1946, the Steering Committee referred FEC-032/6 back to Committee No. 2 for further consideration. (FEC-032/7)

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

NELSON T. JOHNSON
Secretary General

FEC-032/8

RESTRICTEDENCLOSURETHE DESTINATION OF JAPANESE EXPORTS

1. The primary objective in selecting the destinations of exports from Japan, subject to paragraphs 3 and 4, is to maximize the proceeds. Factors to be taken into account are price, the purchasing power of the currency for which the commodity is sold, and the availability of necessary imports which can be procured with the proceeds of the export.

2. Commercial exports as distinct from commodity movements on reparations account or restitutions shall be made only to those recipients who agree to provide imports necessary for Japan in exchange or agree to pay for Japanese exports in foreign exchange usable for procuring necessary imports. Foreign exchange is considered usable under any of the following circumstances:

a. Freely convertible into currencies which can be used for the purpose of procuring necessary imports.

b. Inconvertible, but usable to pay for imports already or concurrently purchased, but not paid for.

c. Inconvertible, but stable in value and subject to a specific agreement with the area within which the currency is valid - subject to the condition that excess balances of the currency in question arising from sale of Japanese exports, not usable for purchase of imports within a reasonable time period, will be made convertible into dollars.

3. In determining the destinations of exports from Japan of commodities in world short supply or commodities whose import is of substantial commercial importance to a member of the Far Eastern Commission, consideration should be given to the interests of all members of the Far Eastern Commission. Proper consideration should be given to the factors mentioned in paragraph one and also to other factors including the pre-war patterns of trade and the requirements of countries for the commodities concerned. Taking into account the foregoing principles, the Inter-Allied Trade Board may recommend individual treatment for different types of exports.

4. For allocated commodities the price should be the same to all recipients and should in general be fixed according to the following principles:

a. The price should be the established world price where such a price exists.

b. Where there is no established world price the price should be fixed in equitable relation to export prices of equivalent goods from other sources and to the domestic prices in the recipient countries which have substantial markets for the commodity.

FEC-032/9RESTRICTEDFEC-032/97 January 1947FAR EASTERN COMMISSION

THE DESTINATION OF JAPANESE EXPORTS
(References: FEC-032/8; SC-031,/3;
C2-017,/2,/3,/6)

Note by the Secretary General

The Steering Committee at its forty-sixth meeting, 7 January 1947, referred FEC-032/8, The Destination of Japanese Exports, back to COMMITTEE NO. 2: ECONOMIC AND FINANCIAL AFFAIRS for further consideration in the light of Steering Committee discussion.

NELSON T. JOHNSON
Secretary General

FEC-032/9

FEC-032/10RESTRICTEDFEC-032/107 January 1947FAR EASTERN COMMISSION

INTERIM IMPORT-EXPORT POLICIES FOR JAPAN
References: FEC-015; FEC-032/1, /3;
02-017/5)

Note by the Secretary General

The Steering Committee at its forty-sixth meeting, 7 January 1947, referred FEC-032/5, Interim Import-Export Policies for Japan, back to COMMITTEE NO. 2: ECONOMIC AND FINANCIAL AFFAIRS for further consideration of paragraph 15.

NELSON T. JOHNSON
Secretary General

FEC-032/10

FEC-032/11RESTRICTEDFEC-032/1110 January 1947FAR EASTERN COMMISSIONINTERIM IMPORT-EXPORT POLICIES FOR JAPAN
(Reference: FEC-032/10)Note by the Secretary General

1. The Steering Committee at its forty-sixth meeting, 7 January 1947, referred FEC-032/5, Interim Import-Export Policies for Japan, back to Committee No. 2: Economic and Financial Affairs, for further consideration of paragraph 15.
2. At its forty-first meeting, 9 January 1947, Committee No. 2 considered the United States proposal that paragraph 15 be deleted, but rejected the proposal, and agreed to return FEC-032/5 to the STEERING COMMITTEE with the deletion of the word "consumption" in the second sentence of paragraph 12.
3. The Soviet and United States members retained their reservations.

NELSON T. JOHNSON
Secretary General

FEC-032/11

COPY NO. 204FEC-032/12CONFIDENTIALFEC-032/1221 January 1947FAR EASTERN COMMISSIONINTERIM IMPORT-EXPORT POLICIES FOR JAPAN
(Reference: FEC-032/5, /11; C2-017/5)Note by the Secretary General

1. The enclosure, an amendment to the proposed statement on Interim Import-Export Policies for Japan (FEC-032/5) submitted by the U.S.S.R. representative, is circulated herewith for the information of the Far Eastern Commission and is referred to the STEERING COMMITTEE for consideration.

2. FEC-032/5 was amended by Committee No. 2: Economic and Financial Affairs, on 9 January 1947, by the deletion of the word "consumption" in the second sentence of paragraph 12, (FEC-032/11) and the enclosure has been amended accordingly.

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-032/12

CONFIDENTIALENCLOSUREINTERIM IMPORT-EXPORT POLICIES FOR JAPANI. Long-range Policy Objectives.

1. As soon as possible participation by private individuals and corporations in Japanese foreign trade will be authorized. The policies set forth in this statement, therefore, should be regarded as applying to a fairly short period.

II. Interim Controls.

2. All imports to and exports from Japan will take place exclusively under the direct control of the Supreme Commander for the Allied Powers acting in accordance with the policies ~~established in accordance with the terms of reference of~~ formulated by the Far Eastern Commission. For the present no government or individual will have contact with the Japanese Government or Japanese individuals except as authorized by the Supreme Commander.

3. The Japanese Government subject to the supervision of the Supreme Commander will be responsible 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;

c. Provision of all funds and conduct of internal financing arrangements necessary to these operations.

4. External purchases and sales will be on a government-to-government basis. The Japanese Government or its agent will make all sales and purchases and will guarantee title. ~~The Supreme Commander will approve all transactions.~~ Commercial transactions on export-import shall be carried out on behalf of Allied Powers through official trade representatives of the Allied Powers in Japan with the Japanese Government or its agents within the limits of the general conditions agreed with the Supreme Commander on deliveries and items of export and import. The purchaser from or seller to Japan will be a government agency or, if a non-government firm the transaction must be arranged for by an official trade representative who will take responsibility for the transaction.

III. Development of an Import-Export Program.

5. The Supreme Commander for the Allied Powers will be responsible for ascertaining the types and amounts of goods available for export, and for recommending the types and amounts of goods to be imported. The trade program developed and recommended by the Supreme Commander will be reviewed by the U. S. Government, and forwarded to the Far Eastern Commission and the Inter-Allied Trade Board for consideration and approval in accordance with their respective terms of reference.

CONFIDENTIAL

6. The Supreme Commander will be notified by the United States Government, after consultation with the Inter-Allied Trade Board ~~of these approved export items for the disposal of which on this export-import program approved by the Far Eastern Commission, for the implementation of which~~ he will be directly responsible. In dealing with these he will be guided by the policies ~~established in accordance with the terms of reference formulated by~~ the Far Eastern Commission relating to the destinations of exports and the terms of their sale. ~~In the remaining cases the United States Government, in consultation with the Inter-Allied Trade Board, will reserve to itself the determination of allocations which will be notified to the Supreme Commander in due course.~~ The disposition of exports will be for currencies which are acceptable in accordance with policies approved by the Far Eastern Commission or in exchange for imports necessary for Japan.

7. The Supreme Commander should make available to the Far Eastern Commission monthly returns showing completed imports and exports and quarterly returns showing planned imports and exports and the state of Japan's balance of payments classified according to currencies.

IV. Imports.

8. For the purposes of this paper imports are divided into the following three categories:

- a. Imports required to prevent such widespread disease and unrest as would endanger the occupying forces;
- b. Import required to accomplish the objectives of the occupation;
- c. Other imports requested by the Japanese Government.

9. For the time being import programs under categories 8 a. and b. are authorized subject to availability of items and funds and such other limitations as may be operative. Category 8 c. imports are not authorized until it is possible to appraise more accurately than can be done at present, such factors as the comparative need of the Japanese economy for such imports, the foreign trade position of Japan, the amount of proceeds of exports required to pay for imports under a. and b. above, and other costs of the occupation to be paid for by export surpluses.

10. The commodity requirements for prevention of disease and unrest and to accomplish the objectives of the occupation will be met to the maximum extent by indigenous resources and to the minimum extent by imports.

V. Exports.

11. For the present no fixed capital goods or equipment, except that which results from current production, should be exported to pay for imports.

12. Export industries should not be developed when the character of such industries would contribute significantly to the maintenance or development of Japan's war-making potential or if they would promote dependence of other countries on Japan for strategic products. Exports of textiles and other goods which are in world short supply, especially in Asiatic countries, should be stimulated to the maximum practicable extent.

CONFIDENTIAL

13. The proceeds of exports resulting from current production inclusive of current production of gold or other precious metals will be used in the first instance to pay for both past and current imports under categories 8 a. and b.

14. The proceeds of exports of stocks of materials not subject to restitution in accordance with the Far Eastern Commission policy shall also be used in the first instance to pay for imports.

15. Stocks of gold and silver and cultural objects and other precious metals, stones and jewels should not be exported for the time being. Stocks of other precious metals and jewels, not subject to restitution in accordance with Far Eastern Commission policy, may be exported and the proceeds used to pay for imports under categories 8 a. and 8 b.

FEC-032/13RESTRICTEDFEC-032/1322 January 1947FAR EASTERN COMMISSION

INTERIM IMPORT-EXPORT POLICIES FOR JAPAN
(References: FEC-032/5, 032/3, 032/11,
032/12, FEC-015)

Note by the Secretary General

The Steering Committee at its forty-eighth meeting, 21 January 1947, referred FEC-032/5, Interim Import-Export Policies for Japan, back to COMMITTEE NO. 2: ECONOMIC AND FINANCIAL AFFAIRS for consideration of Soviet amendments contained in FEC-032/12.

NELSON T. JOHNSON
Secretary General

FEC-032/13

FEC-032/14RESTRICTEDFEC-032/1431 January 1947FAR EASTERN COMMISSION

THE DESTINATION OF JAPANESE EXPORTS
(References: FEC-032/2, /6; /7; /8; SC-031,
/3; C2-017; /2; /3; /6)

Note by the Secretary General

1. The enclosure, a revision of the proposed policy on the Destination of Japanese Exports (FEC-032/8), approved by Committee No. 2: Economic and Financial Affairs at its forty-fourth meeting, 30 January 1947, is forwarded herewith for the consideration of the STEERING COMMITTEE.

2. The Soviet member reserved his position on the inclusion of the words "pre-war patterns of trade" in paragraph 3, and the United States member reserved his position on the substitution of the words "United Nations" for the words "Far Eastern Commission".

3. At its forty-sixth meeting, 7 January 1947, the Steering Committee referred FEC-032/8 back to Committee No. 2 for further consideration. (FEC-032/9)

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

NELSON T. JOHNSON
Secretary General

FEC-032/14

RESTRICTEDE N C L O S U R ETHE DESTINATION OF JAPANESE EXPORTS

1. The primary objective in selecting the destinations of exports from Japan, subject to paragraphs 3 and 4, is to maximize the proceeds. Factors to be taken into account are price, the purchasing power of the currency for which the commodity is sold, and the availability of necessary imports which can be procured with the proceeds of the export.

2. Commercial exports as distinct from commodity movements on reparations account or restitutions shall be made only to those recipients who agree to provide imports necessary for Japan in exchange or agree to pay for Japanese exports in foreign exchange usable for procuring necessary imports. Foreign exchange is considered usable under any of the following circumstances:

a. Freely convertible into currencies which can be used for the purpose of procuring necessary imports.

b. Inconvertible, but usable to pay for imports already or concurrently purchased, but not paid for.

c. Inconvertible, but stable in value and subject to a specific agreement with the area within which the currency is valid - subject to the condition that excess balances of the currency in question arising from sale of Japanese exports, not usable for purchase of imports within a reasonable time period, will be made convertible into dollars.

3. In determining the destinations of exports from Japan of commodities in world short supply or commodities whose import is of substantial commercial importance to a member of the United Nations, consideration should be given to the interests of all members of the United Nations. Proper consideration should be given to the factors mentioned in paragraph one and also to other factors including the requirements of countries for the commodities concerned, any new situations or demands arising in post-war circumstances and the pre-war patterns of trade. Taking into account the foregoing principles, the Inter-Allied Trade Board may recommend individual treatment for different types of exports.

4. For allocated commodities the price should be the same to all recipients and should in general be fixed according to the following principles:

a. The price should be the established world price where such a price exists.

b. Where there is no established world price the price should be fixed in equitable relation to export prices of equivalent goods from other sources and to the domestic prices in the recipient countries which have substantial markets for the commodity.

FEC-032/15RESTRICTEDFEC-032/154 February 1947FAR EASTERN COMMISSIONTHE DESTINATION OF JAPANESE EXPORTS
(Reference: FEC-032/14)Note by the Secretary General

The Steering Committee at its fiftieth meeting, 4 February 1947, unanimously referred FEC-032/14, The Destination of Japanese Exports, to an ad hoc subcommittee composed of the United Kingdom, United States, Soviet, Canadian and Australian members for reconsideration of the Soviet reservation.

NELSON T. JOHNSON
Secretary General

FEC-032/15

FEC-032/16RESTRICTEDFEC-032/165 February 1947FAR EASTERN COMMISSION

THE DESTINATION OF JAPANESE EXPORTS
(References: FEC-032/2, /6; /7; /8; /14;
SC-031, /3; C2-017; /2; /3; /6)

Note by the Secretary General

1. The enclosure, a revision of the proposed policy on the Destination of Japanese Exports (FEC-032/14), prepared by the ad hoc subcommittee appointed by the Steering Committee at its fiftieth meeting, 5 February 1947, is circulated here-with for the consideration of the STEERING COMMITTEE.
2. The members of the subcommittee have referred the enclosure to their Governments and reserve their positions.
3. In accordance with paragraph 3 of FEC-067/3, Committee No. 2 recommends that the enclosure be released for the press after being received by the Supreme Commander for the Allied Powers.

NELSON T. JOHNSON
Secretary General

FEC-032/16

RESTRICTEDE N C L O S U R ETHE DESTINATION OF JAPANESE EXPORTS

1. The primary objective in selecting the destinations of exports from Japan, subject to paragraphs 3 and 4, is to maximize the proceeds. Factors to be taken into account are price, the purchasing power of the currency for which the commodity is sold, and the availability of necessary imports which can be procured with the proceeds of the export.

2. Commercial exports as distinct from commodity movements on reparations account or restitutions shall be made only to those recipients who agree to provide imports necessary for Japan in exchange or agree to pay for Japanese exports in foreign exchange usable for procuring necessary imports. Foreign exchange is considered usable under any of the following circumstances:

a. Freely convertible into currencies which can be used for the purpose of procuring necessary imports.

b. Inconvertible, but usable to pay for imports already or concurrently purchased, but not paid for.

c. Inconvertible, but stable in value and subject to a specific agreement with the area within which the currency is valid - subject to the condition that excess balances of the currency in question arising from sale of Japanese exports, not usable for purchase of imports within a reasonable time period, will be made convertible into dollars.

3. In determining the destinations of exports from Japan of commodities in world short supply or commodities whose import is of substantial commercial importance to a member of the United Nations, consideration should be given to the interests of all members of the United Nations. Proper consideration should be given to the factors mentioned in paragraph one and also to other factors including the requirements of countries for the commodities concerned, any new situations or demands arising occurring in post-war circumstances and the pre-war patterns of trade; provided that the pre-war patterns of trade for the commodities concerned do not conflict with the interests of members of the United Nations arising out of the new trade situations or the demands occurring in post-war circumstances. Taking into account the foregoing principles, the Inter-Allied Trade Board may recommend individual treatment for different types of exports.

4. For allocated commodities the price should be the same to all recipients and should in general be fixed according to the following principles:

a. The price should be the established world price where such a price exists.

b. Where there is no established world price the price should be fixed in equitable relation to export prices of equivalent goods from other sources and to the domestic prices in the recipient countries which have substantial markets for the commodity.

FEC-032/17RESTRICTEDFEC-032/1712 February 1947FAR EASTERN COMMISSION

THE DESTINATION OF JAPANESE EXPORTS
(References: FEC-032/2, /6; /7; /8; /14; SC-031, /3;
C2-017; /2; /3; /6)

Note by the Secretary General

The Steering Committee at its fifty-first meeting, 11 February 1947 referred FEC-032/16, The Destination of Japanese Exports, back to the ad hoc subcommittee appointed by the Steering Committee at its fiftieth meeting, 4 February 1947, for further consideration.

NELSON T. JOHNSON
Secretary General

FEC-032/17

FEC-032/18RESTRICTEDFEC-032/1813 February 1947FAR EASTERN COMMISSIONTHE DESTINATION OF JAPANESE EXPORTS
(Reference: FEC-032/16, /17)Note by the Secretary General

1. The enclosure, a report by the ad hoc subcommittee appointed by the Steering Committee at its fiftieth meeting, 4 February 1947, on paragraph 3 of FEC-032/16, The Destination of Japanese Exports, is circulated herewith for the consideration of the STEERING COMMITTEE.

2. At its fifty-first meeting, 11 February 1947, the Steering Committee referred FEC-032/16 back to the ad hoc subcommittee for further consideration (FEC-032/17).

3. The members of the subcommittee have referred the enclosure to their Governments and reserve their positions.

NELSON T. JOHNSON
Secretary General

FEC-032/18

RESTRICTEDE N C L O S U R ETHE DESTINATION OF JAPANESE EXPORTS

The subcommittee has reconsidered paragraph 3 of FEC-032/16 in the light of the objections of the United Kingdom member.

The United Kingdom member proposed, on a personal basis, the following alternative:

"Commodities which are in world short supply and which are available for export from Japan shall be distributed among the countries demanding them according to their needs. In assessing the needs of these countries, account should be taken of the extent to which they purchased the commodities in question from Japan before the war.

"These considerations should not override those stated in paragraphs 1 and 2.

"Taking into account the foregoing principles, the Inter-Allied Trade Board may recommend individual treatment for different types of exports."

The Soviet member expressed general disagreement with the proposal and, although he agreed to refer it to his Government, he did not hold out much hope of its acceptance.

FEC-032/19RESTRICTEDFEC-032/1918 February 1947FAR EASTERN COMMISSIONTHE DESTINATION OF JAPANESE EXPORTS
(References: FEC-032/16,/17,/18)Note by the Secretary General

The Steering Committee at its fifty-second meeting, 18 February 1947, referred FEC-032/18, The Destination of Japanese Exports, and all relevant papers, back to the ad hoc Subcommittee composed of the United Kingdom, United States, Soviet and Indian members for reconsideration in the light of the discussion by the Steering Committee.

NELSON T. JOHNSON
Secretary General

FEC-032/19

FEC-032/20RESTRICTEDFEC-032/203 March 1947FAR EASTERN COMMISSIONTHE DESTINATION OF JAPANESE EXPORTS

(References: FEC-032/2, /6, /7, /8, /14, /16, /18
SC-031, /3; C2-017, /2, /3, /6)

Note by the Secretary General

1. The enclosure, a revision of the proposed policy on the Destination of Japanese Exports (FEC-032/16), prepared by the ad hoc subcommittee appointed by the Steering Committee at its fiftieth meeting, 5 February 1947, is circulated herewith for the consideration of the STEERING COMMITTEE.
2. The members of the subcommittee approved the enclosure in a personal capacity and have referred it to their Governments.
3. At its fifty-second meeting, 18 February 1947, the Steering Committee referred FEC-032/18 and all relevant documents back to the subcommittee for reconsideration.
4. In accordance with paragraph 3 of FEC-067/3, Committee No. 2 recommends that the enclosure be released for the press after being received by the Supreme Commander for the Allied Powers.

NELSON T. JOHNSON
Secretary General

FEC-032/20

RESTRICTEDE N C L O S U R ETHE DESTINATION OF JAPANESE EXPORTS

1. The primary objective in selecting the destinations of exports from Japan, subject to paragraphs 3 and 4, is to maximize the proceeds. Factors to be taken into account are price, the purchasing power of the currency for which the commodity is sold, and the availability of necessary imports which can be procured with the proceeds of the export.

2. Commercial exports as distinct from commodity movements on reparations account or restitutions shall be made only to those recipients who agree to provide imports necessary for Japan in exchange or agree to pay for Japanese exports in foreign exchange usable for procuring necessary imports. Foreign exchange is considered usable under any of the following circumstances:

a. Freely convertible into currencies which can be used for the purpose of procuring necessary imports.

b. Inconvertible, but usable to pay for imports already or concurrently purchased, but not paid for.

c. Inconvertible, but stable in value and subject to a specific agreement with the area within which the currency is valid - subject to the condition that excess balances of the currency in question arising from sale of Japanese exports, not usable for purchase of imports within a reasonable time period, will be made convertible into dollars.

3. In determining the destinations of exports from Japan of commodities in world short supply or commodities whose import is of substantial commercial importance to a member of the United Nations, consideration should be given to the interests of all members of the United Nations. Proper consideration should be given to the factors mentioned in paragraph one and also to other factors including the requirements of countries for the commodities concerned, any new situations or demands arising in post-war circumstances and the pre-war patterns of trade; so long as the pre-war patterns of trade reflect current economic needs of the countries concerned. Taking into account the foregoing principles, the Inter-Allied Trade Board may recommend individual treatment for different types of exports.

4. For allocated commodities the price should be the same to all recipients and should in general be fixed according to the following principles:

a. The price should be the established world price where such a price exists.

b. Where there is no established world price the price should be fixed in equitable relation to export prices of equivalent goods from other sources and to the domestic prices in the recipient countries which have substantial markets for the commodity.

FEC-032/21

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RESTRICTEDFEC-032/218 April 1947FAR EASTERN COMMISSION

THE DESINTATION OF JAPANESE EXPORTS
(References: FEC-032 series; SC-031
series; C2-017 series)

Note by the Secretary General

1. The enclosure, a proposed policy relative to the Destination of Japanese Exports, was approved by the Steering Committee at its fifty-ninth meeting, 8 April 1947, and is forwarded herewith for the consideration of the Far Eastern Commission.

2. The Soviet member reserved his position on the enclosure, in the absence of the inclusion of the phrase, "and are not in conflict with the interests of other countries, members of the Far Eastern Commission", at the end of the penultimate sentence of paragraph 3.

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

NELSON T. JOHNSON
Secretary General

FEC-032/21

RESTRICTEDE N C L O S U R ETHE DESTINATION OF JAPANESE EXPORTS

1. The primary objective in selecting the destinations of exports from Japan, subject to paragraphs 3 and 4, is to maximize the proceeds. Factors to be taken into account are price, the purchasing power of the currency for which the commodity is sold, and the availability of necessary imports which can be procured with the proceeds of the export.

2. Commercial exports as distinct from commodity movements on reparations account or restitutions shall be made only to those recipients who agree to provide imports necessary for Japan in exchange or agree to pay for Japanese exports in foreign exchange usable for procuring necessary imports. Foreign exchange is considered usable under any of the following circumstances:

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b. Inconvertible, but usable to pay for imports already or concurrently purchased, but not paid for.

c. Inconvertible, but stable in value and subject to a specific agreement with the area within which the currency is valid - subject to the condition that excess balances of the currency in question arising from sale of Japanese exports, not usable for purchase of imports within a reasonable time period, will be made convertible into dollars.

3. In determining the destination of exports from Japan of commodities in world short supply or commodities whose import is of substantial commercial importance to a member of the United Nations, consideration should be given to the interests of all members of the United Nations. Proper consideration should be given to the factors mentioned in paragraph one and also to other factors including the requirements of countries for the commodities concerned, any new situations or demands arising in post-war circumstances and the pre-war patterns of trade; so long as the pre-war patterns of trade reflect current economic needs of the countries concerned. Taking into account the foregoing principles, the Inter-Allied Trade Board may recommend individual treatment for different types of exports.

4. For allocated commodities the price should be the same to all recipients and should in general be fixed according to the following principles:

a. The price should be the established world price where such a price exists.

b. Where there is no established world price the price should be fixed in equitable relation to export prices of equivalent goods from other sources and to the domestic prices in the recipient countries which have substantial markets for the commodity.

FEC-032/22*declassified*
~~RESTRICTED~~FEC-032/229 May 1947FAR EASTERN COMMISSIONTHE DESTINATION OF JAPANESE EXPORTS
(Reference: FEC-032/21)Note by the Secretary General

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

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

NELSON T. JOHNSON
Secretary General

FEC-032/22

RESTRICTEDENCLOSURE "A"THE DESTINATION OF JAPANESE EXPORTS

1. The primary objective in selecting the destinations of exports from Japan, subject to paragraphs 3 and 4, is to maximize the proceeds. Factors to be taken into account are price, the purchasing power of the currency for which the commodity is sold, and the availability of necessary imports which can be procured with the proceeds of the export.

2. Commercial exports as distinct from commodity movements on reparations account or restitutions shall be made only to those recipients who agree to provide imports necessary for Japan in exchange or agree to pay for Japanese exports in foreign exchange usable for procuring necessary imports. Foreign exchange is considered usable under any of the following circumstances:

a. Freely convertible into currencies which can be used for the purpose of procuring necessary imports.

b. Inconvertible, but usable to pay for imports already or concurrently purchased, but not paid for.

c. Inconvertible, but stable in value and subject to a specific agreement with the area within which the currency is valid - subject to the condition that excess balances of the currency in question arising from sale of Japanese exports, not usable for purchase of imports within a reasonable time period, will be made convertible into dollars.

3. In determining the destination of exports from Japan of commodities in world short supply or commodities whose import is of substantial commercial importance to a Member of the United Nations, consideration should be given to the interests of all Members of the United Nations. Proper consideration should be given to the factors mentioned in paragraph one and also to other factors including the requirements of countries for the commodities concerned, and new situations or demands arising in post-war circumstances and the pre-war patterns of trade, so long as the pre-war patterns of trade reflect current economic needs of the countries concerned. Taking into account the foregoing principles, the Inter-Allied Trade Board may recommend individual treatment for different types of exports.

4. For allocated commodities the price should be the same to all recipients and should in general be fixed according to the following principles:

a. The price should be the established world price where such a price exists.

b. Where there is no established world price the price should be fixed in equitable relation to export prices of equivalent goods from other sources and to the domestic prices in the recipient countries which have substantial markets for the commodity.

RESTRICTEDENCLOSURE "B"LETTER OF TRANSMITTAL

8 May 1947

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

My dear Mr. Secretary

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

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

At the fifty-seventh meeting of the Far Eastern Commission held at 2516 Massachusetts Avenue, Northwest, Washington D. C., on 8 May 1947, the enclosed policy decision relative to Destination of Japanese Exports was unanimously approved.

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

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

Sincerely yours,

Nelson T. Johnson
Secretary General

CLASSIFICATION CHANGED	
TO <u>Unclassified</u>	
BY <u>FEC 032/29</u>	<u>RESTRICTED</u>
<u>FEC-032/23</u>	<u>FEC-032/23</u>
<u>4/24/51</u> DATE	<u>23 May 1947</u>
BY	

FAR EASTERN COMMISSION

THE DESTINATION OF JAPANESE EXPORTS
(Reference: FEC-032/22)

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 destination of Japanese exports, is circulated herewith for the information of the Far Eastern Commission.

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

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

NELSON T. JOHNSON
Secretary General

CLASSIFICATION CHANGED	
TO	Unclassified
DATE	FEC-032/23
BY	4/24/47
ENCLOSURE	
BY THE DESTINATION OF JAPANESE EXPORTS	

Serial No. 78

15 May 1947

The following directive, serial number 78, prepared by the State Department to implement the policy adopted by the Far Eastern Commission on May 8, 1947, under the provisions of paragraph II, A, 1, of its terms of reference has been received from the State, War and Navy Departments for transmission to you for your guidance in accordance with paragraph III, 1, of those terms of reference:

"1. The primary objective in selecting the destinations of exports from Japan, subject to paragraphs 3 and 4, is to maximize the proceeds. Factors to be taken into account are price, the purchasing power of the currency for which the commodity is sold, and the availability of necessary imports which can be procured with the proceeds of the export.

"2. Commercial exports as distinct from commodity movements on reparations account or restitutions shall be made only to those recipients who agree to provide imports necessary for Japan in exchange or agree to pay for Japanese exports in foreign exchange usable for procuring necessary imports. Foreign exchange is considered usable under any of the following circumstances:

"a. Freely convertible into currencies which can be used for the purpose of procuring necessary imports.

"b. Inconvertible, but usable to pay for imports already or concurrently purchased, but not paid for.

"c. Inconvertible, but staple in value and subject to a specific agreement with the area within which the currency is valid—subject to the condition that excess balances of the currency in question arising from sale of Japanese exports, not usable for purchase of imports within a reasonable time period, will be made convertible into dollars.

"3. In determining the destination of exports from Japan of commodities in world short supply or commodities whose import is of substantial commercial importance to a member of the United Nations, consideration should be given to the interests of all members of the United Nations. Proper consideration should be given to the factors mentioned in paragraph 1 and also to other factors including the requirements of countries for the commodities concerned, any new situations or demands arising in postwar circumstances and the prewar patterns of trade, so long as the prewar patterns of trade reflect current economic needs of the countries concerned. Taking into account the foregoing principles, the Inter-Allied Trade Board may recommend individual treatment for different types of exports.

"4. For allocated commodities the price should be the same to all recipients and should in general be fixed according to the following principles:

"a. The price should be the established world price where such a price exists.

"b. Where there is no established world price the price should be fixed in equitable relation to export prices of equivalent goods from other sources and to the domestic prices in the recipient countries which have substantial markets for the commodity."

COPY NO. 31FEC-032/24FEC-CONFIDENTIALFEC-032/2411 July 1947FAR EASTERN COMMISSION

INTERIM IMPORT-EXPORT POLICIES FOR JAPAN
(References: FEC-032/5; FEC-032/12;
C2-017/14)

Note by the Secretary General

1. The enclosure, a revision of the proposed statement on Interim Import-Export Policies for Japan (C2-017/13), approved by Committee No. 2: Economic and Financial Affairs on 10 July 1947 is forwarded herewith for the consideration of the STEERING COMMITTEE.

2. The Australian, Chinese and U. K. members reserved their positions.

3. The Steering Committee referred FEC-032/5 back to Committee No. 2 on 21 January 1947 for consideration of Soviet amendments contained in FEC-032/12.

4. The United States Member desires that the following statement be recorded in the minutes of the Far Eastern Commission when the paper is adopted:

"The third sentence in paragraph 4 of C2-017/15 is interpreted by the United States Government to mean that the Supreme Commander will have the authority to approve or disapprove types of commercial arrangements which trade representatives might wish to make with the Japanese Government or its agents."

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-CONFIDENTIALE N C L O S U R EINTERIM IMPORT-EXPORT POLICIES FOR JAPANI. Long-range Policy Objectives.

1. As soon as possible participation by private individuals and corporations in Japanese foreign trade will be authorized. The policies set forth in this statement, therefore, should be regarded as applying to a fairly short period.

II. Interim Controls.

2. All imports to and exports from Japan will take place exclusively under the direct control of the Supreme Commander for the Allied Powers acting in accordance with the policies formulated by the Far Eastern Commission or policies established in accordance with its terms of reference. For the present no government or individual will have contact with the Japanese Government or Japanese individuals except as authorized by the Supreme Commander.

3. The Japanese Government subject to the supervision of the Supreme Commander will be responsible 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;

c. Provision of all funds and conduct of internal financing arrangements necessary to these operations.

4. External purchases and sales will be on a government-to-government basis. The Japanese Government or its agent will make all sales and purchases and will guarantee title. Transactions should be carried out on behalf of the other governments by their trade representatives in Japan with the Japanese Government or its agents and should conform to general conditions determined by the Supreme Commander for the Allied Powers or alternatively, in respect of particular transactions to special conditions agreed with him. The purchaser from or seller to Japan will be a government agency or, if a non-government firm, the transaction must be arranged for by an official trade representative who will take responsibility for the transaction.

5. The provisions of this section should not be taken to prevent the resumption of private trade.

III. Development of an Import-Export Program.

6. The Supreme Commander for the Allied Powers will be responsible for ascertaining the types and amounts of goods available for export, and for recommending the types and amounts of goods to be imported. The trade program developed and recommended by the Supreme Commander will be reviewed by the U. S. Government, and forwarded to the Far Eastern

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Commission and the Inter-Allied Trade Board for consideration in accordance with their respective terms of reference. The trade program when put into effect will contain only such items the inclusion of which is not contrary to any decision of the Far Eastern Commission.

7. The Supreme Commander will be notified by the United States Government, after consultation with the Inter-Allied Trade Board, of those export items for the disposal of which he will be directly responsible. In dealing with these he will be guided by the policies formulated by the Far Eastern Commission, or policies established in accordance with its terms of reference, relating to the destinations of exports and the terms of their sale. In the remaining cases the United States Government, after consultation with the Inter-Allied Trade Board, will reserve to itself the determination of allocations which will be notified to the Supreme Commander in due course. The disposition of exports will be for currencies which are acceptable in accordance with policies established in accordance with the terms of reference of the Far Eastern Commission or in exchange for imports necessary for Japan.

8. The Supreme Commander should make available to the Far Eastern Commission monthly returns showing completed imports and exports, and quarterly returns showing planned imports and exports and the state of Japan's balance of payments classified according to currencies.

IV. Imports

9. For the purposes of this paper imports are divided into the following three categories:

- a. Imports required to prevent such widespread disease and unrest as would endanger the occupying forces;
- b. Imports required to accomplish the objectives of the occupation;
- c. Other imports requested by the Japanese Government.

10. For the time being import programs under categories 8 a and b are authorized subject to availability of items and funds and such other limitations as may be operative. Category 8 c imports are not authorized until it is possible to appraise more accurately than can be done at present, such factors as the comparative need of the Japanese economy for such imports, the foreign trade position of Japan, the amount of proceeds of exports required to pay for imports under a and b above, and other costs of the other occupation to be paid for by export surpluses.

11. The commodity requirements for prevention of disease and unrest and to accomplish the objectives of the occupation will be met to the maximum extent by indigenous resources and to the minimum extent by imports.

V. Exports

12. For the present no fixed capital goods or equipment, except that which results from current production, should be exported to pay for imports.

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13. Export industries should not be developed when the character of such industries would contribute significantly to the maintenance or development of Japan's war-making potential or if they would promote dependence of other countries on Japan for strategic products. Exports of textiles and other goods which are in world short supply, especially in Asiatic countries, should be stimulated to the maximum practicable extent.

14. The proceeds of exports resulting from current production inclusive of current production of gold or other precious metals will be used in the first instance to pay for both past and current imports under categories 8 a and b.

15. The proceeds of exports of stocks of materials not subject to restitution in accordance with the Far Eastern Commission policy shall also be used in the first instance to pay for imports.

16. Stocks of gold, silver, cultural objects and other precious metals, precious stones and jewels should be disposed of as follows:

a. Cultural objects, produced prior to September 1, 1945, should not be exported.

b. Stocks of gold, silver, precious metals looted from occupied areas should be treated in accordance with FEC policy and pending establishment of a new restitution policy, items known to have been looted or probably looted, should not be exported from Japan.

c. Stocks of gold, silver, other precious metals, precious stones and jewels of clearly established Japanese ownership ultimately should be disposed of as reparations, provided this would not prejudice the defraying of the costs of occupation and the maintenance of a minimum civilian standard of living, in accordance with the principles of FEC-219/7. In the meantime, values of such Japanese assets should be preserved, but such assets themselves may be used as a means of acquiring foreign exchange to aid in financing production programs designed to contribute to the revival of productivity in a Japanese peace economy. In case of export of the above-mentioned assets equal opportunity to acquire these assets in return for acceptable currency should be granted to all member countries of the Far Eastern Commission.

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INTERIM IMPORT-EXPORT POLICIES FOR JAPAN
(References: FEC-032/5, /12, /24; C2-
017/14)

Note by the Secretary General

1. The enclosure, a proposed statement on interim import-export policies for Japan, approved by the Steering Committee at its seventy-second meeting, 22 July 1947, is forwarded herewith for the consideration of the Far Eastern Commission.

2. The Australian and Soviet members reserved their positions on the enclosure and the United States member reserved his position on paragraph 16.

3. The action of the Steering Committee did not include a recommendation regarding release of the enclosure to the press.

NELSON T. JOHNSON
Secretary General

FEC-032/25

FEC RESTRICTEDE N C L O S U R EINTERIM IMPORT-EXPORT POLICIES FOR JAPANI. Long-range Policy Objectives.

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Commission and the Inter-Allied Trade Board for consideration in accordance with their respective terms of reference. The trade program when put into effect will contain only such items the inclusion of which is not contrary to any decision of the Far Eastern Commission.

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