

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
APO 500

AG 387.6 (22 Jul 47)REP
SCAPIN 1751/44

15 November 1948

MEMORANDUM FOR: JAPANESE GOVERNMENT

SUBJECT: Responsibilities of the Japanese Government for the Packaging, Transfer, and Delivery of Equipment and Records Allocated to Claimant Nations Under the Reparations Program

1. Reference is Memorandum for the Japanese Government from General Headquarters, Supreme Commander for the Allied Powers, AG 387.6 (22 Jul 47) REP, SCAPIN 1751, 22 July 1947, Subject: as above.

2. The Japanese Government is informed that claimant nations may execute through normal foreign trade channels commercial contracts for the repair of reparations items allocated to them.

3. If the repair work is accomplished at the reparations site, the contractor will be paid, by an agency of the Japanese Government, in accordance with existing foreign trade procedures, the yen contract price of the repair work done pursuant to the contract. In such instances, the cost to the claimant nation will be the contract price in acceptable foreign exchange of the repair work. Payment will be made into a designated Supreme Commander for the Allied Powers Bank Account immediately upon presentation of invoices accompanied by other necessary documents. In other respects, provided repair work is accomplished at the reparations site, the responsibilities of the Japanese Government under provision of reference memorandum remain unchanged.

4. If it is necessary to remove reparations equipment from the reparations site in order to accomplish the repair, the following will apply:

a. Dismantling and packaging of equipment at reparations site will be accomplished by the packaging contractor in accordance with provisions of reference memorandum and in coordination with the repair contractor, engaged through normal foreign trade channels, so that excess costs due to repair requirements will be minimized. All costs of dismantling and packaging at reparations site will be borne by the Japanese Government.

b. Provisions will be made for the claimant nation to execute at the reparations site, a delivery receipt for the items to be repaired at the time such items are delivered to the Japanese contractor for removal

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from the reparations site. This receipt will release the Japanese Government from further responsibility for the goods as reparations.

c. Costs of transporting the equipment from reparations site to repair location and, subsequently, from repair location to dockside and loading aboard ship will be paid initially by the Japanese contractor engaged, by foreign trade contract, to execute the repair of the reparations items. The repair contractor will be responsible, after completion of repairs, for repackaging the equipment according to the provisions of reference memorandum, utilizing whenever possible the package in which the equipment was received.

d. The repair contractor, after movement of equipment to be repaired from reparations site, will be responsible for safeguarding such equipment from damage, sabotage, deterioration, or other injury until it is safely loaded aboard ship, and will carry adequate insurance to assure financial responsibility in the event of any such loss.

e. The contractor will be reimbursed in yen, by the appropriate agency of the Japanese Government, as separate items for the following:

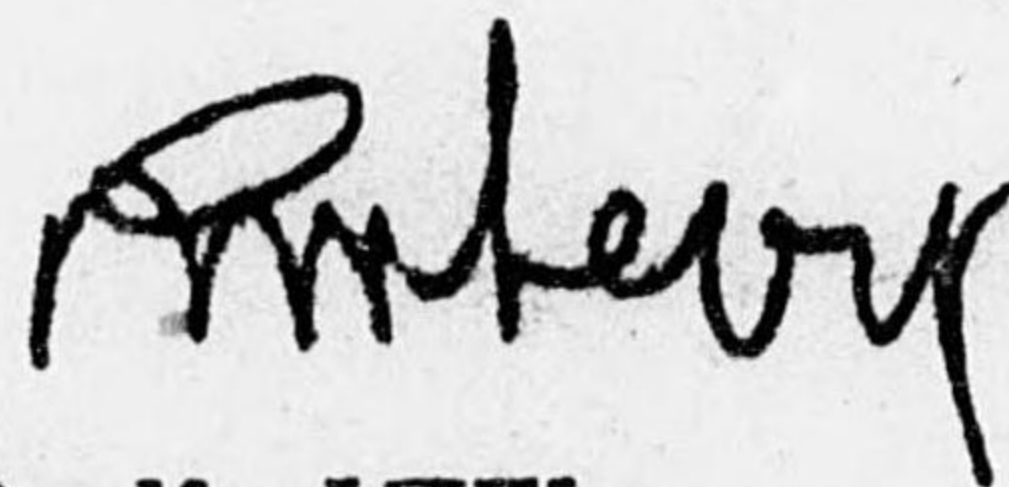
- (1) The amount it would have cost to transport the equipment directly from reparations site to dockside and load aboard ship at the **port** designated for handling equipment from that reparations plant, in accordance with the provisions of reference memorandum, paragraph 1 above;
- (2) Any cost additional to that shown in e(1) for handling and transporting the equipment from the reparations site to the repair location and thereafter from the repair location to dockside and aboard ship, where the contractor's responsibility ceases;
- (3) The contract price for the repair work done pursuant to the contract in accordance with existing foreign trade payment procedures.

f. The price to the claimant nation will be the contract price, in acceptable foreign exchange, of the items designated in subparagraphs e(2) and e(3) of this paragraph. Payment will be made as provided in paragraph 3 above.

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5. The procedures specified herein are to be considered as standard. If other procedures for repair operations are to apply, the Japanese Government will be so informed in the specific cases to which the modified procedures apply.

FOR THE SUPREME COMMANDER:



R. M. LEVY,
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Adjutant General.