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China's Hope in Regard to Practice of the Principle of  
Respecting the Sovereignty of China and An Outline of  
Japan's Reply to it.

I. Hope on the part of China

China's Hope towards Japan in regard to practice of the  
principle of respecting the sovereignty of China.

(Offered on June 25, 1939 (Showa 14) )

We have been deeply moved by Japan's sincere intention  
to respect the sovereignty of China which we experienced and  
was inspired through personal contacts with the Japanese  
authorities during our visit to Japan.

At present, utmost effort is being made to establish  
a central government, especially, laying emphasis upon  
personnel and resourcefulness. However, it is to our regret  
that mere abstract explanation of the Japan's sincere inten-  
tion has not been able to clear the Chinese people of their  
suspicious towards Japan. Therefore, we feel keenly that  
it is essential at the present time to take further step to  
explain to them the sincerity of Japan in a more concrete  
way.

The following description which is divided into three  
articles, that is, political, military and economic affairs  
is conditions, for which we wish to obtain beforehand the

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Japanese understanding and guarantee in order to attain the above-mentioned object. It is a matter of course that the measures in detail should be decided upon in the establishment of a central government between the Governments of both States Governments after deliberate research on the basis of the Principle of Readjustment of Sino-Japanese Relation and the spirit involved in it.

#### A. Internal Administration

The independence of China's internal administration is a basic principle which has been frequently declared by Japan. Important points are introduced below with a view to further showing Japan's good-will to the Chinese people in accordance with facts and calling their attentions. It is earnestly desired that Japan will faithfully observe and practise them.

1. We wish China, upon her honor, execute a rigid control of anti-Japanese thoughts and speeches and carrying out an education friendly to Japanese and as for Japan it is hoped that Japan will correct her thought or attitude contemptuous and aggressive towards China and put a friendly Chinese education into effect.

2. In order to prevent the Chinese people from having doubts that Japan may have an intention of interfering in China's internal administration, the Central Government of

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China will avoid stationing a political advisor or a post having the like name. It is desirable that all political matters which require negotiation with Japan will be managed by negotiations with the Japan's Ambassador in China following due proceedings.

3. It is to be hoped that no Japanese will be appointed as government officials in those Central Government's Yuan and ministries which are concerned in administration with a view of keeping Japan from interfering in China's internal administration or leaving any doubts about it.

A Japanese technical expert will be appointed as a technical advisor in each ministry relating to technique of physical science, but his functions will be limited to the field of technique. He can not, as a principle, take part in general administration. Therefore, though he can attend a conference concerning technique in the ministry to which he belongs through the notices of the head concerned, he will not be present at a general conference concerning administration. However, if it is necessary to call a technical advisor to the conference, a permission of the superior authorities is required.

The appointment and service regulations concerning a technical advisor will be promulgated in the Central Government

4. In each provincial government and special city government, neither political advisor nor post having similar title will be stationed with the light of the above mentioned

intention. Negotiations with the Japanese Army and general liaison matters in a district before the withdrawal of the Japanese Army, those foreign commissioners who are temporarily appointed in the provincial government or the Special City Government shall take charge of these matters.

If the Japanese Army requires the co-operation of a provincial or a city government, it is to be hoped that Japan will take diplomatic proceedings, and not through imperative writings or oral notices.

In each Board attached to a provincial government or each office attached to a special city government, neither political advisor nor post having similar title will not be established for administrative matters. However, if required to appoint a technical advisor in the light of necessity of technique of physical science, measures of the Central Government will be followed.

5. The district government or the ordinary city government is an administrative organ which has direct contact with the people; therefore, a Japanese should not be employed as any government official regardless of the position to be held to prevent the Chinese people from entertaining any doubts or misgivings towards Japan.

A full service secretary may be stationed to take charge of matters concerning liaison affairs of a district government. When the co-operation of a district or a city

government is required before the withdrawal of the Japanese Army, it is to be hoped that Japan will resort to diplomatic formalities and not through written orders or oral notices. It is desirable that the Pacification Unit be immediately withdrawn from all districts except those where military operations are now taking place.

6. With a view of maintaining the prestige of each local government and to avoid the Chinese from cultivating ill-feeling towards Japan, it is desirable that the Japanese Army before withdrawal designate foreign commissioners to take full charge for negotiating with a government of province, city or district and hold them responsible there after.

7. With a view of showing independence of the national finance it is hoped that the Japanese organs or individual in China will not occupy or operate directly or indirectly any kind of customs and taxation organs of China.

It is hoped that taxation and administration, which has been brought into a peculiar condition through military necessity, for instance the salt tax, be restored to normalcy as soon as possible and that no Japanese organs or individuals in China will hinder or disturb its operation.

8. It is hoped that Japan will prevent the Japanese soldiers and civilians (lower ranks and class) in China from taking an action, or an attitude contemptuous towards the Chinese. Such trifling matters prove a serious hindrance to

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the friendship between the two nations. It is especially hoped that special attention be given to this point before the withdrawal of the Japanese Army.

## 2. Military Affairs.

Now that China and Japan agreed upon their national defence plans, our military establishments shall, as a matter of course, aim at the same and common objective with that of Japan.

It is, however, essential that measures be taken so as to establish without fail the independence of the supreme military affairs.

For this purpose, it is hoped that the following points be carried out:

1. The central supreme military organ (for instance, the Military Committee or the National Defence Committee), shall establish the Advisors' Group which will be organized by military experts from Japan, Germany and Italy. One half of the Advisors will be Japanese, with one of them being the head, and the other half of the Advisors will be Germans and Italians. They will assist in the planning of the national defence and military establishments. The scope of their authority and the service regulations shall be enacted by the Central Government.

2. Institutions of Military Education, may use any Japanese, German or Italian military expert as an instructor.

3. To avoid suspicions of watching or restricting of the Chinese army, units cannot, under any means whatsoever, appoint or engage any Japanese, German or Italian military experts.

However, the above does not apply to the Advisors despatched temporarily from the central supreme military organs to inspect various units, provided that the inspection does not relate to personnel affairs.

4. Various munition factories may, if necessary, appoint Japanese, German or Italian experts as engineers, whose functions are limited to the field of technique and do not extend to affairs of personnel and accounting.

5. Although it is hoped that, if any Chinese force returns to the New Central Government after the return of the Central Government to Nanking, a part of the Japanese army will evacuate by mutual agreement and their former occupied area will be turned over to the said returned force, otherwise consideration shall be given to station them in other area.

3. Economic Affairs.

It has been authorized by the people of both states that economic collaboration was to be based upon the principle of reciprocity and equality. In order to materialize this principle, the following items are desired to be promptly put in practice:

1. It is hoped that the public or private factories, mines and shops of China occupied or confiscated by the Japanese institutions or individuals in China in the period of military administration (TN. (military period) in the original text must be a mistake of) may quickly be returned to China and, for this purpose, a special rule may be laid down for proper means of joint enterprise.

2. It is hoped that, assets and appraisal of existing public or private joint enterprises which is not just and fair be re-evaluated according to the objective standard.

3. It is hoped, for instance, that such unreasonable cases as offering Japanese shares without investing hardly any money in the public or private enterprises under partnership be corrected.

4. It is hoped that, the amount of Japanese capital in public or private enterprises under partnership, does not exceed (TN. -- (Inform) in the original text is surely a mistake of (Excess) ) 49% of the total.



5. Greater share of any public or private enterprise under partnership shall belong to China.

6. It is hoped that contracts, authorized by both the Northern and Southern Regime during the period of military administration and prior to the return of the Central Government to Peking, be given an opportunity for re-examination.

(Note) Items 4 and 5, were mentioned only because we are desirous of obtaining beforehand an understanding from Japan, and also because we considered them essential to returning Chinese and to expedite investment of the Chinese, therefore it is necessary for the new Central Government to give further publicity to them.