

C1-013/32RESTRICTEDC1-013/322 July 1947FAR EASTERN COMMISSIONCOMMITTEE NO. 1: REPARATIONSWEEKLY SUMMARY OF INFORMATION ON  
JAPANESE REPARATIONSNote by the Secretary General

1. The enclosure, a summary of information on Japanese reparations for the week ending 20 June 1947 has been prepared by the Secretariat and is circulated herewith for the information of the members of COMMITTEE NO. 1: REPARATIONS.

2. These summaries are based on current news sources available to the Secretariat and their reliability should be assessed accordingly.

NELSON T. JOHNSON  
Secretary General

C1-013/32

RESTRICTEDE N C L O S U R EWEEKLY SUMMARY OF INFORMATION ON  
JAPANESE REPARATIONSCHINA PRESSES FOR ADVANCE REPARATIONSCommunications Equipment Wanted

A news report from Tokyo for 25 June states that China needs some 6,100 communications repair machines in the advance reparations transfer in order to keep her much battered communications system going, according to reparations representative Wang Shu-fang. He said claims will be made as soon as the SCAP inventory of the advance transfer is announced.

He disclosed that the Chinese Government will request shipbuilding equipment for five harbors -- Tsingtao, Yingkow, Canton, Kwangchowwan and Hulutao -- having a minimum 300,000 ton repair capacity yearly.

In order to maintain 10 railway repair shops and railways in China proper as well as China's Northeast, it is estimated that at least 3 plants and 3,582 machines will be needed. For highways and eight highway repair shops in Tientsin, Peiping and other areas, 2 plants and 350 machines will be claimed. For seven tele-communications repair shops in Peiping, Nanking, Shanghai, (Hankow), Canton and Sian, 2 plants and 400 machines will be claimed. One plant and 300 harbor repair machines will be requested to be distributed in six localities, it is said.

RESTITUTIONSCAP Calls for Inventory of Machinery Removed from South China

The Japanese Government has been directed to make an inventory and report to SCAP on the location of large quantities of machinery and instruments removed from iron mills of the South China Iron Works in Kowloon, China, during the Japanese occupation of Hong Kong, SCAP's Civil Property Custodian announced today. Among the valuable machinery which was shipped to Japan were large milling machines, lathers, motors and electric furnaces.

Chinese Coins to be Inventoried

About 2,800 tons of hard coins alleged to have been seized by Japan from China and valued at an estimated 1 million U. S. dollars will shortly be transferred to the Osaka looted property warehouse. SCAP's Civil Property Custodian has ordered the Japanese Government to impound the coins and prepare an inventory containing information of the countries of origin and the metal assays.

RESTRICTEDAMENDMENT TO SCAPIN DIRECTIVE ON LOOTED PROPERTYLimiting Date of Japanese Occupation Deleted

In SCAPIN 1652, dated 2 May 1947, the following amendment to SCAPIN 885, dated 19 April 1946, (concerning the impounding and reporting of looted property) was made:

The Imperial Japanese Government is directed to seek out, inventory, and impound immediately, all identifiable looted property which is now in Japan and which has been the subject of transfer under duress, wrongful acts of confiscation, dispossession or spoliation, whether pursuant to legislation or by procedure purporting to follow forms of law or otherwise, in areas occupied by the Japanese Armed Forces since ~~7 July~~ 1937.

C1-013/33RESTRICTEDC1-013/332 July 1947FAR EASTERN COMMISSIONCOMMITTEE NO. 1: REPARATIONSWEEKLY SUMMARY OF INFORMATION ON  
JAPANESE REPARATIONSNote by the Secretary General

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NELSON T. JOHNSON  
Secretary General

C1-013/33

RESTRICTEDE N C L O S U R EWEEKLY SUMMARY OF INFORMATION ON  
JAPANESE REPARATIONSREPARATIONSJapanese Journals Consistently Interpreting Commission Policy on  
Reparations (FEC-219/7) to Imply Actual Authorization of  
Reparations from Current Production

Ever since adoption by the FEC of its policy decision on the criteria for division of reparations shares (FEC-219/7) the leading periodicals in Japan as well as many newspapers have been carrying articles clearly implying that they interpret this policy as a decision requiring payment by the Japanese of at least a portion of their reparations debt from current production. Magazines carrying such articles recently are: CHU KORON (May 1947), SHIN YUKAN (31 May 1947), NIPPON KEIZAI (28 May 1947), KOGYO (28 May 1947). News services carrying similar stories are : KYODO and JIJI.

It will be remembered that several leading newspapers in this country also gave this slant to the FEC policy decision stating that the Commission had actually authorized the taking of reparations from current industrial production. THE NEW YORK HERALD TRIBUNE story indicated that the decision "constitutes a departure from the policy of the Western Allied nations regarding reparations from Germany. There, under the Potsdam agreement and over Russian opposition, it was decided that reparations should be taken only from capital goods."

THE NEW YORK TIMES article headed its story "Reparations from Current Output Will be Collected from Japan", and went on to say that "the Commission apparently reversed the principle of the Potsdam Agreement by deciding that these reparations should come out of both capital equipment and industrial production, instead of capital equipment alone."

LIST OF MACHINES REPARATION COMPLETEDApproximately 470,000 Machine Units Inventoried

According to a news dispatch from Tokyo for 20 June 1947 about 470,000 machine units -- many obsolete and of no value as reparations -- have been inventoried in aircraft plants, arsenals, and private munitions factories in SCAP's custody, Brig. Gen. William K. Harrison, Jr, Chief of SCAP's Reparations Section, has announced. The dispatch quoted Mr. N. J. Meiklejohn, Deputy Chief of the Reparations Section, as stating that the machine units comprise the "pooled items" category of Japanese assets, as distinct from the "integrated plants" category. "Pooled items", he said, fall into four categories: (1) Metal working machinery; (2) electrical machinery and apparatus; (3) general purpose industrial machinery and equipment, such as boilers and grates; (4) laboratory equipment. All these will be included in the advance transfers program.

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The laboratory and scientific equipment is being assembled at the First Naval Arsenal in Tokyo and will be available for inspection there. Catalogues of equipment and plants for reparations will be made available to reparations missions in the following order: First, machine tool manufacturing industry; second, (not intelligible in transmission); third, iron and steel industry; fourth, thermal electric plants. The dispatch further stated that evaluation of reparations is being conducted by the Committee organized by the Japanese Government's Liaison Office, and is operating under SCAP's instructions.

RESTITUTION OF LOOTED PROPERTY

The following is a copy of the receipt signed by members of the Chinese and Japanese Governments for the restitution to China of books looted by the Japanese.

RECEIPT FOR RESTORATION OF PROPERTY

The signatures of the authorized representatives of the Government of the Republic of China and the Imperial Japanese Government, respectively, which appear on this document, attest to the fact that the authorized representative of the Imperial Japanese Government has on this date, at Kobe, Japan delivered and transferred, and thereby restored, the following collections of books:

National Chungshan University	10,999 volumes
National Nankai University	10,568 volumes
Royal Asiatic Society	12,271 volumes
Individuals	547 volumes
Unkown Owners	2,094 volumes

together with the title thereto and custody thereof to the Government of the Republic of China and such Government has accepted such delivery, restoration, ownership and custody of the property from the Imperial Japanese Government, and agrees to take possession of the same. Such delivery, restoration, transfer of title, custody and acceptance are hereby acknowledged, upon conditions as follows:

1. Nothing herein set forth, or done pursuant hereto, will be permitted to prejudice any other rights or claims that the Government of the Republic of China may have against the Imperial Japanese Government with respect to the property;

2. The Government of the Republic of China undertakes that it will make appropriate equitable adjustment and abide by any final inter-Allied decision, in respect of any conflicting claims to such property that may be made by other nations or their nationals.

DATED AT Kobe, Japan

this 30th day of April 1947

/s/ Ting-Ming Wu  
ON BEHALF OF THE GOVERNMENT  
OF THE REPUBLIC OF CHINA

Shigeki Senoo  
ON BEHALF OF THE IMPERIAL  
JAPANESE GOVERNMENT

CI-013/34FEC-RESTRICTEDCI-013/3410 July 1947FAR EASTERN COMMISSIONCOMMITTEE NO. 1: REPARATIONSWEEKLY SUMMARY OF INFORMATION ON  
JAPANESE REPARATIONSNote by the Secretary General

1. The enclosure, a summary of information on Japanese reparations for the week ending 4 July 1947 has been prepared by the Secretariat and is circulated herewith for the information of the members of COMMITTEE NO. 1: REPARATIONS.

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NELSON T. JOHNSON  
Secretary General

CI-013/34

FEC-RESTRICTEDE N C L O S U R EWEEKLY SUMMARY OF INFORMATION ON  
JAPANESE REPARATIONSEXTERNAL ASSETSJapanese View

A news report from Tokyo for July 1947 states that Foreign Minister Ashida told the Upper House Japanese assets in overseas areas will be treated as part of reparations to be paid by this country if the principles adopted after World War I still hold good. He stated that the Government will recompensate holders of these assets but that various difficulties are blocking the solution of this question.

STRIKE TO HEAD SECOND REPARATIONS MISSIONU. S. War Department Announcement

It was announced today (5 July 1947) by The Assistant Secretary of War Howard C. Petersen that the War Department has engaged Overseas Consultants, Incorporated, of New York City to survey the industrial potential of Japan, the industrial requirements for Japanese economic recovery and stabilization and the availability of Japanese industrial assets for reparations removals.

Overseas Consultants, Incorporated, is an organization formed by leading U. S. industrial engineering and appraisal firms for the purpose of assisting the War and State Departments to obtain independent analyses of industrial conditions in overseas areas occupied by U. S. forces.

The participating members of Overseas Consultants, Incorporated, are: Standard Research Consultants, Incorporated; Jackson & Moreland; The American Appraisal Company; F. H. McGraw & Company; Coverdale & Colpitts; Ford, Bacon and Davis, Incorporated; Sanderson & Porter; Stone & Webster Engineering Corporation; The J. G. White Engineering Corporation; Ebasco Services Incorporated, and Madigan & Hyland.

Mr. Clifford S. Strike, President of F. H. McGraw and Company, is President of Overseas Consultants, Incorporated. He was formerly Deputy for Reparations with the Office of Military Government, U. S., in Germany, and also headed a five-man group of industrial consultants who visited Japan last January as representatives of the Secretary of War to make a preliminary survey of Japanese industry.

Assistant Secretary of War Petersen stated that General MacArthur recently had requested the return of the Strike Mission to perform an independent audit of Japanese industrial potential.

"The contract will permit General MacArthur again to avail himself of the advice and experience of outstanding American industrial experts in connection with one of the most difficult Far Eastern economic problems," Mr. Petersen stated. Overseas Consultants, Incorporated, is located at 51 East 42nd Street, New York City.



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REPARATIONS ALLOCATIONS TO BEGIN

SCAP Announces Readiness to Start Allocations  
and Deliveries in 3 Categories

The following article appeared in the NEW YORK TIMES  
on 9 July 47:

TOKYO, July 8 - The way has been cleared to start reparations deliveries from Japan.

Allied Headquarters announced this morning that deliveries could commence immediately upon receipt of requests from claimant nations for arsenals, munitions and aviation plants in the "A" category. Thus far no requests have been filed. The aggregate value of this class of plants has not been announced.

The A category plants are those considered strictly military, rather than peacetime factories converted for the war.

JAPANESE ATTITUDE ON REPARATIONS

Query on Current Production

The following article appeared in SHIN HOCHI for 9 June 1947:

"Concerning the reparations question, Foreign Minister Ashida, in his interview with United Press correspondents on 4 June, said: 'We would like to know whether reparations will entail the transfer of industrial equipment or payment from current production. We intend to fulfill the payment of reparations at any time, but we hope the Allied Powers will leave us assets required to guarantee a minimum standard of living for the people.'

"Financiers are greatly interested in whether Japan's reparations will be in the form of equipment or finished products. Some industrialists also earnestly hope that only the ownership of their factories will be transferred to the Allied Powers and that they will be permitted to participate in the management, and reparations will be paid with manufactured products.

"However, if this plan is adopted, we are afraid that only the plants designated for reparations will be favored, and the reconstruction of other plants will be greatly handicapped. Moreover, there is danger that the existence of foreign enterprises in Japan will be a cause of international conflict in the future, and Japan's income from foreign trade will be small.

"At present, production facilities cannot be operated at full capacity due to the extreme scarcity of raw materials. Therefore, it is admissible to remove the surplus equipments as reparations, and to leave only industrial plants necessary to maintain a minimum standard of living.

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"Concerning the problem of foreign investment, Foreign Minister Ashida said: 'In pre-war Japan, foreign capital was shut out by the militarists, and foreigners could not become shareholders in certain industries. However, since Japan is starting out anew, we are prepared to remove all such restrictions against foreigners.'

"This problem should be solved carefully from the viewpoint of our future interests and not in view of current advantages. In conclusion, we emphasize that if we fail in solving the problems of reparations and foreign investments, the kindness of the Allied Powers shown in regards to these problems will be wasted. These problems must be settled openly in the Diet before the eyes of the people. In the coming Diet session, Foreign Minister Ashida should declare his policy on reparations and foreign investments and appeal to public opinion."

Speculation on Allied Policy  
on Reparations

The following article is from SEKAI NIPPO for 10 June 1947:

"In view of the experience derived from German reparations after the first World War, the idea of reparations today has undergone a remarkable change. Reparations are to be paid, not in cash, but in kind, and will not endanger the maintenance of the minimum living standards of the defeated nation. Industrial equipment in excess of the amount needed for the assurance of minimum living standards will be removed as reparations.

"Under the circumstances, the decision of the Far Eastern Commission on 20 May that current industrial products will be collected showed a shift in the direction of the Allied reparations program. In the recent Moscow Conference, the Soviet Union strongly demanded the collection of German reparations from current production. The Soviet demand is reported to be attributable to the fact that removed German industrial equipment proved to be almost useless to the Soviet Union. The present deteriorated industrial facilities in Japan may perhaps cause the same disappointment among the claimant nations as those of Germany did. A foreign dispatch reported that Japanese industrial facilities to be removed as reparations are mostly valueless except those earmarked for the first interim reparations.

"With the announcement of the Truman Policy, United States foreign policy is heading in a new direction. The United States reparations and occupation policy is also changing along the lines of the Truman policy. Undersecretary of State Acheson, in his speech at Cleveland on 8 May, announced the United States' decision to promote the economic rehabilitation of Japan and Germany. Former President Hoover's personal views expressed on 27 May are significant. Insisting upon the conclusion of a separate peace treaty with Japan, Hoover declared that the short-cut to lighten the burden of occupation costs upon the American taxpayers is to expedite the rehabilitation of Japan by allowing her to retain all industrial equipment except for the munitions industry.

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"The State Department still insists on Allied co-ordination in the collection of reparations, and so, Hoover's idea may not be adopted; nevertheless, it indicates a change in the Allied reparations program. According to a foreign dispatch on 5 May, the responsible authorities declared that the Allied Powers will permit Japan to resume foreign trade with the world within two months. This is welcome news for the rehabilitation of Japan. It may be said that with a change in world economy, the Allies are pushing the plan to place Japanese economy on a self-sufficient basis.

"The Japanese people should not be unduly excited by such news. The situation will not be improved by relying on the outside. The establishment of a truly democratic Japan is the most urgent necessity confronting the nation today. It must be remembered that political and spiritual renovation is more important than the stabilization of the nation's economy."

Elder Statesman in Japan Hints Balk  
on Reparations

The following is a portion of an article appearing in the CHRISTIAN SCIENCE MONITOR for 7 July 1947 and signed by Gordon Walker, Chief Far Eastern Correspondent of that paper.

One of the more spectacular trial balloons so far floated here in connection with the proposed Japanese peace treaty has just shaken the new Diet to its foundations.

The proposal, which was presented formally to the Foreign Affairs Committee of the House of Representatives, was delivered by Yukio Ozaki, famed Japanese parliamentarian, who in the past won international repute as one of Japan's leading "liberals".

In substance, the proposal was as follows:

"Desiring that past practices be fundamentally reformed in the coming peace conference and that it not be based upon theories of weak and strong, victor and conquered, but on the theory of proper humanitarianism, I propose the following:

Asks Plebiscites

"1. Leave Manchuria, Formosa, Korea, and the Ryukyus under the administration of the United Nations for a short while until the people's feeling has stabilized. Thereafter, hold a plebiscite to decide whether these areas are to be independent or become subject to the mother country.

"2. In the matter of reparations, a fair calculation of damages on the side both of Japan and the Allied Powers should be made, and Japanese payment should be made on the basis of what difference may exist.

"3. Should the victorious countries demand reparations disregarding reason, we should with justice and calculation oppose the plan and not co-operate in reparations collections."

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The audacity of Ozaki's proposal shocked many Japanese themselves. They sought vainly to have the recently re-elected octogenarian member of the lower house retract his proposal.

Story Censored

Members of the new socialist coalition Government of Premier Tetsu Katayama, which recently officially declared its complete lack of any territorial ambitions, approached Mr. Ozaki to effect a retraction, but Mr. Ozaki refused and the matter was submitted to the Foreign Affairs Committee of the Diet, where it presently is tabled.

CI-013/35FEC-RESTRICTEDCI-013/3521 July 1947FAR EASTERN COMMISSIONCOMMITTEE NO. 1: REPARATIONSWEEKLY SUMMARY OF INFORMATION ON  
JAPANESE REPARATIONSNote by the Secretary General

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NELSON T. JOHNSON  
Secretary General

CI-013/35

FEC-RESTRICTEDE N C L O S U R EWEEKLY SUMMARY OF INFORMATION ON  
JAPANESE REPARATIONSJAPANESE VIEW OF FEC REPARATIONS POLICYAssumption it Provides for Reparations from  
Current Production

The following news release was issued from Tokyo on 16 July 1947 by a Japanese news service:

"The Far Eastern Commission's basic policy announcement makes it clear that the policy of collecting reparations from Japan entirely from equipment has changed to one of collection from current production. This has a great bearing on the economic reconstruction of Japan, and great concern is being felt about concrete measures for carrying it out.

"The impression in the past was that the U. S. favored reparations from equipment while the Soviet Union favored reparations from current production. In the case of Germany, the Soviet Union could use only 20 percent of the equipment taken, and began at the Moscow Conference to place emphasis on reparations from current production, demanding 10 billion dollars worth of reparations goods. The following points emerge in respect of Japan's making reparations from current production:

"1. The scope of reparations from equipment is naturally limited, while reparations from current production can reach astronomical figures.

"2. The removal of reparations in the form of equipment is a single operation, while reparations from current production will put pressure on Japan's economy over a long period.

"3. The categories of reparations in equipment are plain, but reparations from current production may affect export and peacetime industries, and may also have a bearing on minimum food importations by Japan.

"4. It may be difficult to set up credit for making reparations from current production.

"5. The self-determination of Japanese economy will be lost, since priority will have to be given to the production of reparations goods.

"6. Japan's overall economy will shrink, and unemployment will arise in the fields concerned.

"7. In the final analysis, there is no reserve power in present Japanese economy for reparations from current production.'

FEC-RESTRICTEDFORMER PREMIER YOSHIDA URGES "GOOD GRACE" ON REPARATIONSSays Japanese Must Start Life Anew

Shigeru Yoshida, President of the Liberal Party, declared that the Japanese people should be prepared to give away (sic) all goods designated for reparations with "good grace". This statement was made to the press yesterday by the former Premier, who is now on a lecture tour of the country.

"Most of the machinery designated for reparations is now quite old," Yoshida said, adding, "it would be of little value in a fast-progressing world to cling to old things. The Japanese people, who are determined to build a new Japan, should search for newer and better things." Yoshida stated he was not able to predict when the Japanese peace treaty would be signed but said he believed it would take place "quite soon."

"One of the biggest problems of the world today," Yoshida said, "is the problem centering around economic reconstruction with the aim of bringing the economy of the world back to normalcy. In order to achieve this aim," he continued, "it is the hope of many leaders of the world to sign peace treaties with Germany and Japan as early as possible so that they, too, may contribute their part in the reconstruction of the world."

Yoshida said Japanese should not attempt to "get something" out of the impending reparations problems or peace treaty but should accept everything with good grace, as they have accepted the surrender, and start life anew in rebuilding a new Japan.

LABOR UNION URGES REPARATIONS REDUCTIONNecessary to Stabilize Workers' Livelihood

A news release from Tokyo for 13 July 1947 states that during the second session of the NCIO (National Council of Industrial Organizations) convention, in discussing the subject of reparations, the opinion was voiced that appeals be made for scaling down Japan's reparations payments in the interests of stabilization of the workers' livelihood, and that the Government be urged to take steps to prevent unemployment resulting from the removal of industrial and other plants as reparations.

RESTITUTION OF SHIPSIncreasing Number of Seized Ships Being Repaired for Restitution

SCAP's Civil Property Custodian announced today that an increasing number of ships seized by the Japanese during the war are being salvaged, repaired and refitted for restitution to their rightful owners. The ships belonged to Allied governments or Allied nationals before the war.

A 920 gross ton, semi-cargo ship, the S. S. Lung Shun, completed trial runs this month, and C. P. C. is preparing to restitute the vessel to the Chinese Government in the near future. The ship will be sailed by a Japanese crew to Shanghai, where the official restitution will be made.

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Arrangements to repatriate the crew to Japan will be made by the Chinese Government.

A SCAP directive also has been issued to the Japanese Government ordering the repair and refitting of the S. S. Leconte de Lisle, a French passenger-cargo ship. The vessel is to be restituted to the French Government in a condition substantially similar to that at the time she was seized by Japanese forces at Saigon, French Indo-China, in June, 1942. Repairs to the 9,899 ton vessel will be made at the Maizuru Dockyards in Honshu.



C1-013/36FEC-RESTRICTEDC1-013/3625 July 1947FAR EASTERN COMMISSIONCOMMITTEE NO. 1: REPARATIONSWEEKLY SUMMARY OF INFORMATION ON  
JAPANESE REPARATIONSNote by the Secretary General

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NELSON T. JOHNSON  
Secretary General

C1-013/36

FEC-RESTRICTEDE N C L O S U R EWEEKLY SUMMARY OF INFORMATION ON  
JAPANESE REPARATIONSREPARATIONSPartial Reparations Allocations to Claimant Nations of  
Plants, Equipment in Excess of Japan's Peacetime  
Economic Needs to Begin

SCAP today announced that partial reparations allocations to claimant nations of plants and equipment in excess of Japan's peacetime economic needs in accordance with the policy directive of the Far Eastern Commission are now to be started.

Reparations items initially offered will include a pool of machine tools and secondary metal forming and shaping machinery from former Japanese army and navy arsenals. Advance transfer will also be made from the synthetic rubber industry. These removals are from plants clearly not required for the industrial rehabilitation of Japan to the level presented by the Allied Powers through the Far Eastern Commission. The Allied nations authorized by Far Eastern Commission directives to participate in the first 30 percent of Japanese reparations removals will be invited to submit their claims without delay.

Reparations Removal Bill to Go to Current Diet

On 9 July, GHO issued a statement that interim reparations allocation will begin at once. It is supposed that full execution of the reparations program will begin in the near future, and it seems that the Government will submit a Reparation Removal Bill to the present national assembly. It is necessary that the State assume the responsibility of satisfactorily carrying out the removal of reparations and it is likely that the State will supervise the execution of reparations removal. A Reparations Council will be established as an agency to carry out reparations removal and will play the role of a liaison body between the ministers concerned and nonofficial circles regarding materials for the removal of reparations and other affairs. An Association for Co-operation in Reparations Removal will be formed of civilian organizations to use materials efficiently and standardize packing and gauging.

C1-013/37FEC-RESTRICTEDC1-013/371 August 1947FAR EASTERN COMMISSIONCOMMITTEE NO. 1: REPARATIONSWEEKLY SUMMARY OF INFORMATION ON  
JAPANESE REPARATIONSNote by the Secretary General

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NELSON T. JOHNSON  
Secretary General

C1-013/37

FEC-RESTRICTEDE N C L O S U R EWEEKLY SUMMARY OF INFORMATION ON  
JAPANESE REPARATIONSREPARATIONSArrangements Being Made for Allied Reparations and  
Restitutions Delegations to Inspect Ball and  
Roller Bearing Plants in Tokyo Area

Arrangements are being made for Allied reparations and restitutions delegations to inspect several ball and roller bearing plants in the Tokyo area within the next two weeks, Brig. Gen. W. K. Harrison, Jr., chief of SCAP's Reparations Section, announced.

The plants are in SCAP custody but have not been declared available for claim in the reparations program.

Arrangements also will be made in the near future for the delegations' dockyard specialists already in Japan to inspect shipyards, members of the 11-nation Reparations Technical Advisory Committee (RTAC) were told.

General Harrison emphasized, however, that there is no necessity for delegations to call dockyard specialists to Japan for this purpose now, since there will be ample time for such inspections when and if, such facilities are finally selected for reparations.

Reparations delegations are being given the opportunity to witness a demonstration of the packaging of machine tools today and tomorrow in the Musashi plant of the Fuji Sangyo K. K. The plant produces metal working machinery and general purpose industrial machinery and equipment.

Allocations procedures for machine tools and secondary metal forming and shaping equipment, which apply to the program for partial allocations announced July 9 by SCAP, were discussed at the RTAC meeting.

New Chief of U. S. Reparations and Restitution  
Delegation Arrives

Charles L. Hodge, acting associate chief of the Division of Japanese-Korean Economic Affairs, State Department, has arrived in Tokyo to assume the position of Chief of the U. S. Reparations and Restitution Delegation.

He succeeds Dr. Rufus B. Smith, who will leave Japan by air on August 1, to return to his position as chief of the Reparations and Restitution Section of the Division of Japanese-Korean Economic Affairs. Dr. Smith arrived in Japan in May.

In addition to the chief, the U. S. Delegation includes William Kane, Executive Officer; Walter Hammond, representing Korea; two Technical aides, Kevin Mallen and Able Sturges, who represents Korea, and the delegation secretary, Miss Margaret Ramos.

C1-013/38FEC-RESTRICTEDC1-013/3813 August 1947FAR EASTERN COMMISSIONCOMMITTEE NO. 1: REPARATIONSWEEKLY SUMMARY OF INFORMATION ON  
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SAMUEL S. STRATTON  
Acting Secretary General

C1-013/38

FEC-RESTRICTEDE N C L O S U R EWEEKLY SUMMARY OF INFORMATION ON  
JAPANESE REPARATIONSSCAP INSTRUCTS JAPANESE GOVERNMENT ON RESPONSIBILITIES AND  
METHODS TO BE USED IN PACKAGING AND DELIVERY OF REPARATIONS  
EQUIPMENT

The following release was issued by General Headquarters, SCAP on 30 July 1947.

"SCAP has issued detailed instructions to the Japanese Government on its responsibilities, and the methods to be used, in the packaging and delivery of equipment allocated to Allied nations as reparations, Brig. Gen. W. K. Harrison Jr., chief of SCAP's Reparations Section, announced today.

"The SCAP directive informs the Japanese Government that it will be required to bear the costs, supply materials and perform all operations relative to the dismantling, preserving, packaging and delivery to ports in Japan of reparations equipment, as well as handling and stowage of the equipment aboard a claimant nation vessel or aircraft.

"Explicit instructions for the mechanical techniques to be used in the processing of the allocated equipment, principally methods used successfully by the United States in its global operations during the war but modified to meet limitations imposed by existing Japanese conditions, are contained in the directive.

"Many of the mechanical procedures introduced by these instructions, while standard in the United States, are little short of revolutionary to the Japanese, Maj. R. R. Entwhistle of Cincinnati, O., chief of the Reparation's Sections' Dismantling, Packaging and Transfer Division, said.

Must Make Good Any Damage

"The Japanese Government is required to prepare the necessary constructional plans, drawings and engineering data required for purposes of re-assembly, re-installation or re-erection of the machinery in the claimant nation.

"While the equipment remains in Japan, the Japanese Government is responsible for guarding it in storage and enroute to ports and making good any damage from careless or negligent packing, loading or storing.

"Various problems arising from the mechanical processes connected with packaging and delivery of assets were discussed at this week's meeting of the 11-nation Reparations Technical Advisory Committee (RTAC).

"The committee also discussed procedures relating to allocation of machine tools and secondary metal working machinery. Final preparations now are being made for initial allocation of these two types of tools to the four nations entitled to advance reparations transfers because of war damage caused by Japanese occupation. These four nations are China, the Philippine Islands, The Netherlands and the United Kingdom.

FEC-RESTRICTEDIn Former Army, Navy Arsenals

"Tools to be allocated in the partial allocation are in former army and navy arsenals, General Harrison informed the Allied reparations delegates.

"They fall into the 'pooled items' category of reparations assets, which will be allocated as individual pieces of equipment as distinct from integrated plants, which will be allocated as single units.

"Maj. James Plimsoll of Australia, chairman of the Reparations Committee of the Far Eastern Commission, who is in Japan this week with Dr. Herbert V. Evatt, Australian minister of external affairs, spoke briefly to RTAC members on reparations questions now under consideration by the FEC.

"Dr. Charles L. Hodge, new chief of the United States Reparations and Restitution Delegation, and Mao-Ba, Chow, member of the Chinese Reparations and Restitution Delegation, both were introduced at the meeting.

"Mr. Hodge, who is acting associate chief of the Division of Japanese-Korean Economic Affairs, State Department, recently arrived in Japan from the United States and Mr. Chow recently arrived from China."

DELIVERY OF ADVANCE REPARATIONS DELAYED

The following news release was issued in Tokyo on 5 August 1947:

"The distribution of the 30 percent of advance reparations will not be made until sometime in October or November at the earliest, as SCAP's Reparations Section announced that the lists of machine tools assigned to claimant countries will not be available until sometime in October.

"Minor progress however has been made by the Reparations Section with the assistance and advice of the 11-nation Reparations Technical Advisory Committee. Procedure for dividing advance reparations to the four claimant countries--China, the Philippines, the United Kingdom, and the Netherlands--have been approved by General MacArthur, it is learned.

"China, which will receive 15 percent of the advance distribution, will be entitled to tools represented in one group of assets. The second group will be divided into three equal piles for the Netherlands, the Philippines, and the United Kingdom, each of which is entitled to 5 percent of the assets. Assignment of the piles will be determined by lot drawing.

"As soon as the lists of tools assigned to each claimant country are made available--sometime in October--the claimant countries will be allowed to review the lists and submit requisitions for machines they actually want from those made available to each. Only after this is completed can preparations for removals be made.

"The initial 30 percent reparations included machine tools and secondary metal working machinery. The tools were drawn from former Japanese Army and Navy arsenals. Tools from privately-owned munitions plants and aircraft factories will not be involved in this partial allocation."

FEC-RESTRICTEDFIVE BILLION YEN APPROPRIATION INCLUDED IN JAPANESE BUDGET FOR REPARATIONS REMOVALS

According to a release in ASAHI for 16 July 1947, the Japanese Finance Ministry has decided to include an appropriation of 5 billion yen in its forthcoming supplementary budget in order to cover the costs of removing industrial equipment for reparations. According to the report, the decision was reached owing to indications that reparations removals would be effected in the near future. The appropriation is based on the estimate that 1,500,000 tons of reparations will be removed during a three year period at the approximate rate of 500,000 tons per year, involving an expenditure of 10,000 yen per ton.

JAPANESE ORDERED TO INVESTIGATE NETHERLANDS EAST INDIES DIAMOND LOOTING

According to a dispatch of 2 August 1947 from Tokyo, SCAP has issued orders to the Japanese Government to make a thorough investigation of diamond looting said to have been perpetrated in the Netherlands East Indies and Borneo during the war by Japanese forces. According to the news release, SCAP has requested the Japanese Government to list the total number of carats removed from the NEI, to present the records of all diamond shipments to Japan and to report the current disposition of the looted gems.

CHINA MISSION ACTIVE IN PROCESSING RESTITUTION CLAIMS

According to a Tokyo dispatch of 19 July 1947, the Restitution Section of the Chinese Mission in Tokyo has so far processed 140 claims for seized ships and 25 claims for machinery. Despite these achievements, however, the Restitution Section is reported to have urged Chinese nationals to speed up the filing of restitution claims, stressing that such claims should be accompanied by full specific evidence. The same sources disclosed that among twenty-five claims for machinery, one is for a Japanese paper mill removed by the Japanese from Canton to Hokkaido during the war and regarded as among the second largest mill of its kind in the world. Of the ships claimed, only 5 have been restored; about 40 have been sunk and others still require large-scale renovation and repair.



C1-013/39FEC-RESTRICTEDC1-013/3925 August 1947FAR EASTERN COMMISSIONCOMMITTEE NO. 1: REPARATIONSWEEKLY SUMMARY OF INFORMATION ON JAPANESE REPARATIONSNote by the Secretary General

1. The enclosure, a summary of information on Japanese reparations for the week ending 22 August 1947 has been prepared by the Secretariat and is circulated herewith for the information of the members of COMMITTEE NO. 1: REPARATIONS.

2. These summaries are based on current news sources available to the Secretariat and their reliability should be assessed accordingly.

SAMUEL S. STRATTON  
Acting Secretary General

C1-013/39

FEC-RESTRICTEDE N C L O S U R EWEEKLY SUMMARY OF INFORMATION ON JAPANESE REPARATIONSSCAP APPROVES PROCEDURES FOR ALLOCATION OF MACHINE TOOLS,  
SECONDARY METAL WORKING MACHINERY AS REPARATIONS IN 30  
PERCENT ADVANCE PROGRAM

The following release was issued by SCAP on 5 August 1947:

"SCAP has approved procedures for the allocation of machine tools and secondary metal working machinery as reparations in the 30 percent advance transfer program, Brig. Gen. W. K. Harrison Jr., chief of SCAP's Reparations Section, announced today.

"The procedures were prepared with the assistance and advice of the Reparations Technical Advisory Committee (RTAC) on which the reparations delegations of 11 Allied nations are represented.

"The methods adopted are framed to provide a mechanically equitable distribution of equipment within the limits of the percentage shares allocated the four nations who will participate in the advance program, General Harrison said. The tools are the first of Japan's industrial assets to be prepared for distribution.

"First mechanical step in the partial allocation will be taken in September, the SCAP official reported. Method to be used in dividing the tools among the four claimant nations will be to deal into two equal piles the file cards on which the tools are listed individually, it was explained.

"China, which will receive 15 percent of the assets allocated in the advance program, will be entitled to the tools represented in one group of cards. The second group will be dealt into three equal piles for the Netherlands, the Philippine Islands and the United Kingdom, each of which is entitled to five percent of the assets. Assignment of the piles will be determined by lot.

"Lists of the tools assigned to each claimant nation will not be available until some time in October, General Harrison said. Then claimants will review lists and submit requisitions for the machines they actually want from those made available to each, after which preparations for removals will be made. The claimants may arrange exchanges among themselves so long as they do not exceed their quotas.

"All the tools involved in this initial allocation are from arsenals formerly operated by the Japanese army and navy. They have been classified either as second hand tools in good condition, or as economically repairable for less expense than it would cost to replace them.

"Tools from privately-owned munitions plants and aircraft factories, which with the tools from the arsenals comprise the 'pooled item' category of Japan's industrial assets, will not be involved in this partial allocation.

Assets in the 'pooled item' category will be allocated as individual pieces of machinery as distinct from the category of 'integrated plants' which will be allocated in their entirety."

FEC-RESTRICTEDJAPANESE STAGE REPARATIONS REMOVAL "REHEARSAL"

According to a Tokyo news dispatch of 18 August, a one week rehearsal for the removal of reparations equipment will be conducted by the Japanese Government beginning 1 September. The report indicated that 14 army and navy arsenals which have been earmarked for early removal will be used during the rehearsal.

JAPANESE CABINET STUDIES REPARATIONS REMOVAL BILL

The following is an excerpt of a release from the newspaper Asahi of 3 August 1947, translated by the Allied Interpreter and Translation Section of GHQ, SCAP:

"In accordance with a directive issued by Brig. Gen. W. K. Harrison, Jr. of SCAP's Reparations Section regarding the responsibility of the Japanese Governments for the dismantling, guaranty, packing and transportation of reparation goods, the Government has decided to submit a Bill for Removal of Reparation Facilities (tentative title) to the current Diet session. Commerce and Industry Minister Mizutani explained the bill at the 1 August cabinet meeting and sought the approval of the Cabinet. The Commerce and Industry Ministry has been studying a bill for removal of reparation facilities since May.

"The reparation bill to be submitted to the current Diet session will include procedures for the removal of 921 factories earmarked for reparation by the Allied Forces. In order that Japan may carry out the reparation obligation faithfully and speedily as a defeated country, the bill will be based on the following principles: (1) Facilities earmarked for reparation will be expropriated by the Government; (2) Losses caused by the expropriation will be compensated after the conclusion of the peace treaty; (3) The Government will be given authority to take necessary measures to carry out the dismantling, guaranty, packing, and transportation of facilities speedily and properly. A compensation assessment Committee will be established to handle losses caused by the execution of the reparation program."

SCAP ORDER INVESTIGATION OF JAPANESE DIAMOND LOOTING IN N.E.I.

The following release was circulated by SCAP on 2 August 1947:

"In an effort to accelerate the investigation of Japanese diamond looting of the Netherlands East Indies and Borneo during the war, SCAP has ordered complete investigation of Japanese firms engaged in the diamond business in that area.

"According to the Civil Property Custodian, the Japanese Government reports will include: total number of carats removed from each area of the Netherlands East Indies, records of all diamond shipments to Japan, and the ultimate disposition of the property after it reached this country.

"During the war, it was learned that the Japanese operated the famous Martapoera diamond field in Borneo. SCAP authorities have ordered the Japanese to furnish information on the agency or firm which operated the mine, the dates of operation, the total number of carats produced, and their ultimate disposition."

SHIPS SUNK IN JAPANESE WATERS BEING SALVAGED

According to a survey by the Transportation Ministry released to the Shimpochi in July 1947, a total of 1,400 ships, sunk by mines, aircraft attacks, etc., representing a total tonnage of 1,200,000 tons, are located in Japanese home waters alone.

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Of these, 352 ships (219,459 tons) had been salvaged by the end of May 1947; an additional 380 ships, totaling 254,919 tons, have been scrapped. The total ships salvaged and scrapped amounts therefore to 736, representing a total of 478,175 tons. Some of the salvaged vessels are already in commission and others are in the process of repair. The report did not specify the extent to which the remaining 664 ships (720,000 tons) might be utilized eventually in Japanese marine transportation.

Of the vessels still remaining to be salvaged, the Transportation Ministry is reported to have listed 193 steel ships (300,000 tons) and 180 powered sailing vessels (22,000 tons). Classified according to tonnage, the group of steel ships includes: 70 ships below 500 tons; 63 ships of more than 500 and less than 1000 tons; 33 of more than 1000 and less than 3000 tons; 8 of more than 3000 and less than 5000 tons, and 19 of more than 5000 tons.

#### JAPANESE PATENT SPECIFICATIONS TO BE PUBLISHED

The following release was circulated by SCAP on 2 August 1947:

"The Japanese Government has been directed by SCAP to publish specifications of all hitherto unpublished patents (except 'secret' patents) and utility models registered in the Japanese Bureau of Patents from Dec. 8, 1941, to the present, SCAP's Civil Property Custodian announced today.

"The publication of patent specifications will continue in the future on a current basis.

"According to CPC, Japanese publications of the patent specifications will be completed within six months, and of the utility models within 12 months, after receipt of the SCAP directive. Twenty copies of each publication will be reserved for distribution under SCAP's future direction.

"All 'secret' patent specifications will be published separately and the process will be completed within nine months. No distribution of the 'secret' patents have been authorized, and they will be held by the Japanese Government until future distribution is ordered by SCAP."

CI-013/40FEC-RESTRICTEDCI-013/4011 September 1947FAR EASTERN COMMISSIONCOMMITTEE NO. 1: REPARATIONSWEEKLY SUMMARY OF INFORMATION ON JAPANESE REPARATIONSNote by the Secretary General

1. The enclosure, a summary of information on Japanese reparations for the week ending 5 September 1947, has been prepared by the Secretariat and is circulated herewith for the information of the members of COMMITTEE NO. 1: REPARATIONS.

2. These summaries are based on current news sources available to the Secretariat and their reliability should be assessed accordingly.

NELSON T. JOHNSON  
Secretary General

CI-013/40

FEC-RESTRICTEDE N C L O S U R EWEEKLY SUMMARY OF INFORMATION ON JAPANESE REPARATIONSINFORMATION REGARDING STRIKE MISSIONS SUMMARIZED

Information available from press sources regarding the first and second missions, led by Mr. Clifford S. Strike, has been summarized as follows by the Secretariat.

FIRST STRIKE MISSIONDuration and Objectives of Mission

The first mission operating under the direction of Mr. Clifford S. Strike was sent to Japan at the request of SCAP and remained three weeks, arriving in Tokyo on 28 January and departing about 19 February 1947 (Official AFPAC press release, 28 January 1947). This mission was of a preliminary character and some of its findings are still subject to confirmation and amplification (New York Times, 18 July 1947). The publicly announced objective was to "consider the level of industry to be left in Japan to sustain sufficient domestic economy to allow exports to pay for raw materials and food in 1950-51" (Nippon Times, 20 February 1947). Possibly, SCAP had instructed Mr. Strike to ascertain the required industrial capacity to render Japan economically self-sustaining. The report was therefore more concerned with industrial levels than with the question of reparation removals it is believed.

Composition of the Mission

The mission was composed of five industrial engineers and two U.S. Army officers as follows: Clifford S. Strike, President of the F. H. McGraw Company; Paul B. Coffman, President of Standard Research Consultants; Horace Perry, Jr., partner in the firm of Jackson & Moreland; George V. T. Burgess, partner in Coverdale and Colpitts; F. C. Mackrell, Stone & Webster Engineering Company; Colonel R. M. Cheseldine, and Major D. D. Klaus (Official AFPAC press release, 28 January 1947).

Substance of Report

The substance of the report has not been made public. None of the industrial levels recommended by Mr. Strike have been released, and the nature of his findings has been only generally indicated as follows.

According to an article signed by Mr. Strike in the September issue of the American Magazine, the first mission recommended the removal of some excess steel-making capacity, oil-storage capacity, and petroleum-refining plants. Also, all machine tools from army and navy arsenals and special-purpose machines from aircraft plants. Also, the removal of excess shipbuilding plants.

According to a press conference conducted by Mr. Strike and his four technical aids in Tokyo on 18 February, the mission made no attempt to assess any of the previously advanced proposals for Japanese reparations such as the Pauley Report and the Report of the National Engineers Committee. The mission confined itself to the consideration of the industrial level necessary for Japan to export in a sufficient quantity by 1950-51 to pay for raw materials and food. Mr. Strike pointed out to the press that his mission had not studied the advisability of exacting reparations from Japan in the form of current production (Nippon Times, 20 February 1947).

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Other aspects of the report were discussed at the press conference as follows, quoting from the Nippon Times of 20 February 1947:

"The questions of practical limitation, usability of the machinery, difficulty in replacement of machine parts, and labor conditions have been carefully reviewed and constitute a 'major part of our report.'

"The report does not include specific plants for reparations but 'only the conditions as such which will enable SCAP to designate such plants as are beyond the level of industry recommended to be retained.'

"The condition of the plants surveyed, which included the working plants already designated for reparations, vary considerably; the recovered machine tools that were dispersed during the war are in very bad condition; others, carefully supervised by the Military Government, are in excellent condition.

"The Japanese have done an 'excellent job in the preservation' of the machine tools under the guidance of the Military Government.

"The survey of industrial conditions has been made as far back as 1930 and is based on the need for an engineering approach to the whold situation.

"There are detected 'some fallacies' in the classification of plants as to their usability.

"In determining the level of industry needed for reparations, Mr. Strike said, historical information was utilized, viz. the standard of living and the level of industry existing in 1930, the density of population that would exist on the four main islands of Japan in 1950-51, and the level of industry required to support that level."

According to a Tokyo dispatch of the Central China News, the Strike recommendations, if implemented, would result in the removal of about 30% of the equipment recommended for removal by the Pauley Report (FBIB, Daily Report, 14 April 1947).

#### SECOND STRIKE MISSION

##### Duration and Objectives

The second mission departed for Japan at SCAP's request on 5 August 1947 for a survey of unannounced duration. The second mission is thought to be larger in scope and of greater duration than the first according to available reports. The general objective of the second mission is to confirm and amplify the findings of the first or specifically:

- a. to determine actual deficiencies in plant capacity now existing in Japan which need to be met in order to make the country self-sustaining (New York Times, 18 July 1947)
- b. to determine the extent to which obsolescence of methods and equipment will make it necessary to create new industries to balance imports and exports (New York Times, 18 July 1947)
- c. to determine the availability of industrial assets for reparations removals (Official War Department Release, 5 July 1947)

FEC-RESTRICTEDComposition of Mission

The second mission is composed of a group of twenty-five industrial engineers and specialists employed by the newly established firm of Overseas Consultants, Incorporated, 51 East 42nd Street, New York City. The firm is now under contract to the War Department to complete the survey in Japan. Mr. Strike is president of Overseas Consultants, Incorporated, on leave of absence from the firm of F. H. McGraw & Company. Mr. Strike is not at present accompanying the second mission in Japan.

The present mission includes the following, some of whom may be leaving for Japan in later echelons: Robert Hamill, Sanderson & Porter, New York; Gano Dunn, The J. G. White Engineering Corporation, New York; John R. Lotz, Stone & Webster Engineering Corporation, New York; E. S. Coldwell, Ford, Bacon & Davis, New York; Frank Carhart, Jackson & Moreland, Boston; M. J. Madigan, Madigan-Hyland, Long Island City, New York; F. Gardner, Ebasco Services, Incorporated, New York; Archibald Hossack, The American Appraisal Company, New York; Paul B. Coffman, Standard Research Consultants, Incorporated, New York, and George V. T. Burgess, Coverdale & Colpitts, New York (New York Times, 18 July 1947).

None of the findings of the second mission have appeared as yet in available sources.

REPARATIONS REMOVAL WILL HIT ECONOMY

The following is the text of a Tokyo news dispatch dated 3 September 1947.

"Open admission that the removal of Japanese plants--which by now have been integrated into the Japanese economy--for reparations will handicap Japanese industry, was made by George Walker, deputy chief of SCAP's Industrial Division, at a joint press conference with Division Chief Joseph Reday this morning.

"Walker declared that the removal of reparations equipment should have been started a year ago, or even earlier, when Japanese plants were in a closed-down state. Now that Japanese plants have been integrated into Japan's economy, their removal would jeopardize the country's economic recovery, Walker added.

"Furthermore, Japan needed an additional half million tons of coal in order to sustain her industry. The present production figure of approximately 45 percent of the pre-war output. In order that Japan may reach her pre-war production level, she should increase the monthly coal production to four million tons and import between three and five million tons of superior coal from abroad.

"Joseph Reday pointed out that Japan at present is critically short of capital which is badly needed to rehabilitate her depleted industry after 10 years of protracted war. However, Reday saw no immediate possibility of Japan obtaining such capital except by promoting national savings.

"Asked to comment on the 'boycott of Japanese goods' by Chinese after the resumption of foreign trade, Walker declared that the industrialization of China should not mean a rupture of her commercial relationship with any country already industrialized. On the contrary, Walker contended, China should increase her volume of trade with Japan on a new basis which departs from the old exploitation formula."

FORMER JAPANESE POISON GAS PLANT COMPLETELY DISMANTLED

The following official SCAP press release was circulated on 28 August 1947:

"Okunoshima, a small island in the Inland Sea of Japan, opposite Tadanoumi in the British Commonwealth Occupation Force area, was handed



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back to the Japanese Home Ministry July 29, it was announced here today.

"The island was formerly the site of Japan's largest poison gas plant. Since early in 1946, 26,872 tons of poison gases have been destroyed--5,832 by dumping in the ocean in deep water, 50 tons by burning and 20,990 by burial in caves in the island itself.

"The work was done by a special section of BCOF Headquarters. More than 600 Japanese were employed under the supervision of BCOF personnel in the disposal of the gas and plant on Okunoshima.

"All machinery, stores and equipment not required by BCOF or for reparations has been handed to the Japanese. Nothing remains of the plants which once secretly produced poison gases in large quantity for possible use in war.

"A quantity of electrical equipment and machinery is being held by BCOF, for use as it is required."

MOST OF REPARATIONS PLANTS IN OPERATION

The following release was issued by the Jiji news agency on 27 August 1947.

"The labor division of Osaka Prefecture, following a survey conducted on 94 reparation designated plants in this prefecture, disclosed that those plants in operation are generally keeping up satisfactory work, that many of them are planning for conversion and that labor unions are generally showing sound progress.

"Thirteen plants are in operation with full capacity, 58 continuing operation with 30 to 80 percent of their capacity, 20 have ceased operation, and 3 unknown. Nine plants were released from the list of reparation designated plants, 3 have a great possibility of being lifted from the designation, 12 are in process of conversion, 5 have been authorized conversion, 10 have applied for conversion, 36 are planning for conversion, 12 with no conversion plans, and 7 unknown.

"Twenty plants have amicable relations between management and labor, 40 in general are satisfactory, 2 are insufficient, 24 without unions, and 8 unknown."

C1-013/41FEC-RESTRICTEDC1-013/4119 September 1947FAR EASTERN COMMISSIONCOMMITTEE NO. 1: REPARATIONSWEEKLY SUMMARY OF INFORMATION ON JAPANESE REPARATIONSNote by the Secretary General

1. The enclosure, a summary of information on Japanese reparations for the week ending 19 September 1947, has been prepared by the Secretariat and is circulated herewith for the information of the members of COMMITTEE NO. 1: REPARATIONS.

2. These summaries are based on current news sources available to the Secretariat and their reliability should be assessed accordingly.

NELSON T. JOHNSON  
Secretary General

C1-013/40

FEC-RESTRICTEDE N C L O S U R EWEEKLY SUMMARY OF INFORMATION ON JAPANESE REPARATIONSADVANCE TRANSFER ASSETS TO BE DIVIDED IN OCTOBER

The following is an excerpt from a cable received by the Secretariat from General Headquarters, Supreme Commander for the Allied Powers, dated 17 September, 1947:

"Machine tools and secondary metal working equipment, totaling 19,561 items or 28 percent of all such machines available in former Japanese Army and Navy arsenals have been designated for the first allocation of Japanese reparations. Division among four claimant nations for advanced transfer is scheduled during October."

544 VESSELS REFLOATED SINCE SURRENDER

According to a Kyodo release dated, 27 August, a total of 544 sunken vessels aggregating approximately 270,000 tons, have been refloated during the past two years since the surrender, the Shipping Administration Bureau of the Transportation Ministry announced.

Ships dismantled totaled 29, amounting to some 40,000 tons.

Of the total 544 refloated ships, 45, totaling 58,000 tons have been recommissioned. An additional 123 ships (210,000) tons are expected to be refloated.

STRIKE PLAN TERMED "NONSENSICAL"

According to a Central News dispatch from Tokyo, dated 8 September 1947, a qualified high American official described the Clifford Strike recommendation for scrapping Edwin Pauley's reparations program as "nonsensical". He claimed that General MacArthur regarded Pauley's recommendations as too stern and Strike's as unelastic. A "happy medium" between the two would be realistic and fair, he said, adding that Strike's article in the American Magazine clearly betrayed the writer's lack of knowledge of the over-all economic picture of the Far East.

C1-013/42

FEC-RESTRICTEDC1-013/423 October 1947FAR EASTERN COMMISSIONCOMMITTEE NO. 1: REPARATIONSWEEKLY SUMMARY OF INFORMATION ON JAPANESE REPARATIONSNote by the Secretary General

1. The enclosure, a summary of information on Japanese reparations for the week ending 3 October 1947, has been prepared by the Secretariat and is circulated herewith for the information of the members of COMMITTEE NO. 1: REPARATIONS.

2. These summaries are based on current news sources available to the Secretariat and their reliability should be assessed accordingly.

NELSON T. JOHNSON  
Secretary General

C1-013/42

FEC - RESTRICTEDE N C L O S U R EWEEKLY SUMMARY OF INFORMATION ON JAPANESE REPARATIONS1. RESTITUTIONa. Looted Items Ordered Returned by SCAP

According to a news dispatch from Tokyo of 12 September, 5,370 map printing plates, looted from China by the Japanese Army, were ordered to be returned to their rightful owners. These plates were used for printing maps of China, Brazil, Northeastern provinces, Korea, Japan, Siberia, the Malaya States and adjacent areas.

And according to a SCAP Press Release of 15 September, 185 stuffed birds, removed from the Raffles Museum in Singapore during the war, were ordered restored to British Government representatives by a SCAP directive, the Civil Property Custodian announced.

The specimens of bird life had been in possession of the Imperial Household. They will be packed for shipment under South Seas climatic conditions and turned over to British naval authorities at Kure.

b. Search Underway for Hundreds of Machines Believed Removed from China; Other Property Sought for Philippines, Netherlands and Britain

According to an official SCAP Press Release of 25 September, SCAP's Civil Property Custodian has directed the Japanese Government to locate, for return to the Chinese Government, hundreds of industrial machines and other equipment reported removed from China during the war.

In addition, CPC reported, the Japanese Government has been called on to secure information regarding property believed taken from the Philippine Islands, Netherlands East Indies and various British possessions in the Pacific area. Requests for the items have been received by CPC within the past few months.

From China, CPC said, the Japanese forces concentrated on removing entire plants or large portions of them, including textile, cement, match and powder factories and utility plants. Japanese authorities are now searching for this equipment.

In response to requests from the Philippines, the Japanese Government is trying to find small vessels, paintings, silverware, books, household furniture, hundreds of automobiles, and an entire ice plant that was dismantled and shipped to Japan.

Inquiries about diamonds, gold and other precious metals have come from the Netherlands East Indies.

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CPC and the Japanese Government are trying to locate for the British Government, and its possessions, machinery, sailing craft, a valuable violin and livestock.

c. Chinese Reparations and Restitution Committee Established

According to a Tokyo dispatch of 26 September, a five-man Chinese Reparations and Restitution Committee was formally established within the Chinese Mission on 25 September to take full charge of reparations and looted properties. The committee headed by Dr. Bannong Wu, chief of the Economic and Scientific Section of the Chinese Mission will be made up of Wang Shu-fang, Major General Li Tai-hsun, Chao Mao-po, and Tang Chung-li.

2. REPARATIONS

a. Nineteen Leading American Business Firms Represented by Strike Mission

The 35 industrial specialists from Clifford Strike's Overseas Consultants Inc., who arrived in Japan last month to survey industrial conditions in Japan and to advise SCAP on industrial levels, are from 19 prominent American business firms, according to a SCAP Press Release of 4 September.

These firms, and the functions of their affiliated personnel in the Overseas Consultants group are as follows:

Republic Steel Corporation: Rufus J. Wysor, project manager

Sanderson and Porter: George Lowe, administration officer; Edwin H. Godfrey, engineer, and Gustavus Auer, assistant engineer

Carnegie-Illinois Steel Corporation: Herbert G. R. Bennett, section chief, and Edward T. Barron, engineer

Shell Chemical Corporation of California: Percy E. Joyce, section chief

American Appraisal Company: Sydney W. Farnsworth, section chief; James W. Cunningham, deputy section chief; Ralph R. Crippen and King A. Harvie, engineers, and Harry B. Neibuhr, accountant

Ebasco Services, Inc.: John E. Moore and Roy S. Campbell, section chiefs; George T. Dempsey, Earl R. Wooley and George M. Henderson, engineers, and Ben K. Gallaspy, accountant

Standard Oil Company of New Jersey: J. Steward Harrison, section chief

Madrigan & Hyland: Edward J. McGrew, section chief

Pennsylvania Electric Company: Raymond E. Gawryla, section chief

Stone & Webster Engineering Corporation: Raymond C. Benner and Louis M. Bound, engineers, and Howard J. Belser, assistant engineer

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Ford, Bacon & Davis: William T. Smith, engineer

William Hunt & Company: Karl A. Enz, engineer

Pennsylvania Power & Light Company: Charles H. Renfro, engineer

New York Shipbuilding Corporation: Harry W. Pierce, engineer

Jackson & Moreland, Massachusetts: John Damon, engineer, and Clarence E. Emery, accountant

Standard Research Consultants Incorporated: Walter F. Kleine, engineer and George K. Chisholm, accountant

F. H. McGraw & Company: Gustavus A. Meyer, engineer

Union Electric Company of Missouri: Harold E. Gove, engineer

Arthur D. Little Company: E. Charlton Crocker, assistant engineer

b. 19,561 Items of Equipment Made Available for Repairs

The first segment of machine tools and secondary metalworking equipment to be made available for reparations claims in the 30 percent advance transfer program consists of 19,561 items of equipment from 17 government-owned arsenals and dispersal areas, Brigadier General W. K. Harrison, Jr., Chief of SCAP's Reparations Section, announced, according to an official SCAP Press Release of 16 September.

The tools are 28.1 percent by number of 28.5 percent by value of the total of 69,653 machines in 94 arsenals and their dispersal areas which have been designated to date as part of the Interim Reparations Program.

They comprise a balanced cross-section of the total now available in the arsenals, as to value, grade, country of manufacture, and type of drive. The 50,092 machines not included in the advance transfer removal are reserved for ultimate allocation to the seven nations not eligible for advance transfers and to the advance transfer claimants within such additional percentage shares as may be declared for them.

The 17 arsenals and dispersal areas from which tools will be removed in the advance transfer program were chosen to assure the most efficient and rapid execution of the first actual allocation of reparations assets in the Japanese reparations program, General Harrison said.

Lists of specific tools which will be available for claim by each of the four nations participating in the advance transfer program should be in the hands of their reparations delegations here by early October, the SCAP official added.

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Preparations are now in progress to deal the inventory cards for the 19,561 items into lots according to percentages established by the Advance Transfer Directive issued by the United States Government. China's lot will be one-half the machines, while the Philippine Islands, the Netherlands and the United Kingdom each will receive one-sixth of the machines. These nations are eligible for advance transfers because of the urgent need for rehabilitation of their properties which were devastated by the Japanese. Each claimant will receive his proportionate share of each type and quality of machine.

Tools presently in authorized use to meet needs of the Occupation are not included in the first segment but are to be made available later when they are released from use.

The 17 arsenals involved in the advance transfers allocations are as follows:

Name of Parent Arsenal and Plant

NAGOYA MILITARY ARSENAL, HONSHA (Chikusa Kojo),  
Nakata-hondori, Chikusa-ku, Nagoya

NAGOYA MILITARY ARSENAL, Takagi Factory, Dengaku-oaza,  
Kasugai-shi

TOYOKAWA NAVAL ARSENAL, Chirigi Kojo, Chirigi-cho,  
Toyokawa-shi

KURE NAVAL ARSENAL, Harimzaoshenshe, Kure City

KURE NAVAL ARSENAL, Mizune Shipbuilding Yard,  
10-chome Kegoyadori, Kure City

OSAKA MILITARY ARSENAL, SHIRAHAMA FACTORY, Shirahama-shi,  
Shikama-gun.

1ST TOKYO MILITARY ARSENAL (SAGAMI ARMY ARSENAL)  
Sagamihara-cho, Koza-gun

1ST NAVAL TECH. ARSENAL (KAMARIYA BRANCH) Isoguo-ku,  
Yokohama-shi

YOKOSUKA NAVAL ARSENAL, Yokosuka

1ST TOKYO MILITARY ARSENAL, SENDAI FACTORY, Haranomachi,  
Sendai-shi

TAGAJO NAVAL ARSENAL, Tagajo-mura, Miyagi-gun

KAWATANA NAVAL ARSENAL, KAWATANA, Higashi-sonogi-gun

21ST NAVAL AIR DEPOT, OMURA BRANCH, Omura-shi

2D TOKYO MILITARY ARSENAL, KORI FACTORY, Hirakata-  
machi, Kitakawachi-gun

OSAKA MILITARY ARSENAL, OSAKA FACTORY, Sugiyama-cho,  
Higashi-ku

1ST TOKYO MILITARY ARSENAL, TAKINOGAWA FACTORY, 1332  
Takinogawa

1ST TOKYO MILITARY ARSENAL, Nerima Military Warehouse,  
Nerima-Kitu-machi, Itabashi-ku



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Preparations are now in progress to deal the inventory cards for the 19,561 items into lots according to percentages established by the Advance Transfer Directive issued by the United States Government. China's lot will be one-half the machines, while the Philippine Islands, the Netherlands and the United Kingdom each will receive one-sixth of the machines. These nations are eligible for advance transfers because of the urgent need for rehabilitation of their properties which were devastated by the Japanese. Each claimant will receive his proportionate share of each type and quality of machine.

Tools presently in authorized use to meet needs of the Occupation are not included in the first segment but are to be made available later when they are released from use.

The 17 arsenals involved in the advance transfers allocations are as follows:

Name of Parent Arsenal and Plant

NAGOYA MILITARY ARSENAL, HONSHA (Chikusa Kojo),  
Nakata-hondori, Chikusa-ku, Nagoya

NAGOYA MILITARY ARSENAL, Takagi Factory, Dengaku-oaza,  
Kasugai-shi

TOYOKAWA NAVAL ARSENAL, Chirigi Kojo, Chirigi-cho,  
Toyokawa-shi

KURE NAVAL ARSENAL, Harimzaoshenshe, Kure City

KURE NAVAL ARSENAL, Mizune Shipbuilding Yard,  
10-chome Kegoyadori, Kure City

OSAKA MILITARY ARSENAL, SHIRAHAMA FACTORY, Shirahama-shi,  
Shikama-gun

1ST TOKYO MILITARY ARSENAL (SAGAMI ARMY ARSENAL)  
Sagamihara-cho, Koza-gun

1ST NAVAL TECH. ARSENAL (KAMARIYA BRANCH) Isoguo-ku,  
Yokohama-shi

YOKOSUKA NAVAL ARSENAL, Yokosuka

1ST TOKYO MILITARY ARSENAL, SENDAI FACTORY, Haranomachi,  
Sendai-shi

TAGAJO NAVAL ARSENAL, Tagajo-mura, Miyagi-gun

KAWATANA NAVAL ARSENAL, KAWATANA, Higashi-sonogi-gun

21ST NAVAL AIR DEPOT, OMURA BRANCH, Omura-shi

2D TOKYO MILITARY ARSENAL, KORI FACTORY, Hirakata-  
machi, Kitakawachi-gun

OSAKA MILITARY ARSENAL, OSAKA FACTORY, Sugiyama-cho,  
Higashi-ku

1ST TOKYO MILITARY ARSENAL, TAKINOGAWA FACTORY, 1332  
Takinogawa

1ST TOKYO MILITARY ARSENAL, Nerima Military Warehouse,  
Nerima-Kitu-machi, Itabashi-ku

FEC-RESTRICTEDc. Advanced Reparations to China

The CHINESE NEWS SERVICE of 29 September reports that China has been apportioned 9,780 pieces of machinery and auxiliary parts as the first part of Japanese reparations. The Allied Reparations Commission has made transportation of the machinery to China available.

The machines are allocated from 17 Japanese arsenals and naval shipyards. About 4,000,000 workers will be needed to dismantle these plants, the paper said. It also quoted a spokesman of the Reparations Commission of the Executive Yuan as saying that the date these reparations could be shipped to China was indefinite. The spokesman also told the paper that after the allotment, China, Great Britain, the Netherlands and the Philippines may exchange machines apportioned to them.

According to a news dispatch from Tokyo of 15 Tokyo of 15 September, China will receive as advance reparations from Japan half of the 19,561 machine tools and secondary metal working equipment items which have been designated by SCAP's Reparations Section as the initial segment of the 30 percent advance transfer program. The four nations to which these items will go are China, one-half; the Philippines, the United Kingdom, and the Netherlands, each one-sixth.

A news dispatch from Tokyo of 26 September reports that the fourth batch of Japanese war vessels allotted to China as reparations will sail from Sasebo on September 26 and 28 for Tsingtao. The first shipment of Japanese reparations equipment, totaling some 7,000 tons will arrive in Shanghai early in October.

d. Japanese Government Establishes Organ to Facilitate Reparations Transport

According to a KYODO dispatch of 28 August, the Transportation Ministry will establish a Reparations Transport Liaison Section within the Ministry on 29 August.

The new section will take charge of liaison work with the Ministries concerned in regards to the transportation of goods designated for reparations.

The section will also work out a basic plan for transportation of reparations goods and carry out the necessary readjustment of various Government businesses relative to reparations transportation.

e. Distribution of Labor Depends on Reparations

According to a KYODO release of 23 September, concrete rearrangement of labor is impossible unless the extent of reparations removals is made clear, Labor Minister Mitsusuke Yonekubo testified before the Lower House Labor Committee.

Yonekubo believes that the Pauley plan would be modified to a considerable extent, but added that the Strike plan is not a final plan. So long as there is no definite reparations plan, it is impossible to map out concretely the rearrangement of labor, he said.

C1-013/43FEC-RESTRICTEDC1-013/4310  
October 1947FAR EASTERN COMMISSIONCOMMITTEE NO. 1: REPARATIONSWEEKLY SUMMARY OF INFORMATION ON JAPANESE REPARATIONSNote by the Secretary General

1. The enclosure, a summary of information on Japanese reparations for the week ending 10 October 1947, has been prepared by the Secretariat and is circulated herewith for the information of the members of COMMITTEE NO. 1: REPARATIONS.

2. <sup>unless otherwise indicated,</sup> These summaries are based on current news sources available to the Secretariat and their reliability should be assessed accordingly.

NELSON T. JOHNSON  
Secretary General

C1-013/43

NBR  
10/10/47

FEC-RESTRICTEDENCLOSUREWEEKLY SUMMARY OF INFORMATION ON JAPANESE REPARATIONS1. FEC SPOKESMAN QUESTIONS STRIKE'S ACCURACY

The following is the text of an article appearing in the Nippon Times for 5 September 1947.

"The Far Eastern Commission today unofficially but sharply questioned the accuracy of an article in the current American Magazine saying that the Commission 'unanimously approved' the Pauley report on Japanese reparations.

"The article was signed by Clifford S. Strike, chairman of a special five-man commission sent to Japan by the War Department.

"A commission spokesman said that 'the commission has never seen the Pauley report because the United States government declined to release it.'

"'A further statement in the article that the FEC has representatives in Japan putting the Pauley report into effect is also wholly inaccurate,' the spokesman said. 'The commission has no representatives in Japan.'"

The <sup>Nippon Times also</sup> ~~same~~ article reported that Acting Secretary of State Robert Lovett in answer to inquiries regarding Mr. Strike's article told the press that the United States has not changed its reparations policy toward Japan.

Mr. Lovett described this policy as being based on a combination of the Pauley reports as amended by subsequent inter-departmental discussion in Washington. According to the Nippon Times,

Mr. Lovett said Mr. Strike was writing as a private citizen and did not reflect the views of the United States. However, other officials reported that the final United States recommendation on reparation which was first based on the Pauley report had been considerable softened by Mr. Strike's report, the Nippon Times added.

2. U.S. TO SCRAP ITS SHARE OF JAPAN'S WAR FLEET

According to the Christian Science Monitor of 2 October, the Army has announced that most of the operating war ships which the United States received in the initial allotment of former Japanese war ships will be

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sold as scrap.

An announcement said that an agreement made by <sup>the</sup> State, Army and Navy Departments provides for the sale to be made in Japan by General Douglas MacArthur's Headquarters. The time and place are to be set later.

3. SCAP ORDERS INVENTORIES OF OBJECTS OF ART OF FOREIGN ORIGIN

The following SCAP Directive of 12 September to the Japanese Government may be of interest to ~~the~~ <sup>The attention of the</sup> Committee's subcommittee on Replacement of Lost Cultural Objects of Committee No. 2 is invited to the

following SCAP memorandum of 12 September, 1947, addressed to the Japanese Government.

"SUBJECT: Inventories of Objects of Art of Foreign Origin

"1. The Japanese Government is directed to submit inventories of objects of art of foreign origin, which are presently located in Japan and which were acquired by any Japanese national or agency in an occupied area on or after 7 July 1937. Only objects having a market value on 7 July 1937 of five thousand yen (¥5,000) or more will be reported. Objects already reported as looted property will not be included in the inventories. Reports will follow the form attached hereto (Enclosure 1).

"2. Reports will be submitted monthly in sextuplicate and the project will be completed by 1 January 1948."

FEC-RESTRICTEDC1-013/44C1-013/4422 October 1947FAR EASTERN COMMISSIONCOMMITTEE NO. 1: REPARATIONSWEEKLY SUMMARY OF INFORMATION ON JAPANESE REPARATIONSNote by the Secretary General

1. The enclosure, a summary of information on Japanese reparations for the week ending 17 October 1947, has been prepared by the Secretariat and is circulated herewith for the information of the members of COMMITTEE NO. 1: REPARATIONS.

2. Unless otherwise indicated, these summaries are based on current news sources available to the Secretariat and their reliability should be assessed accordingly.

NELSON T. JOHNSON  
Secretary General

C1-013/44

FEC-RESTRICTEDE N C L O S U R EWEEKLY SUMMARY OF INFORMATION ON JAPANESE REPARATIONS1. ADVANCED TRANSFER OF MACHINERY

According to a Tokyo dispatch of 8 October, the Japanese Government has begun the packaging of reparations equipment in preparation for shipment to delivery ports as a delegation of the four Allied nations prepared for a final inspection of some 19,00 machine tools earmarked for advanced transfer. Removal, however will not start until after final inspection by the four claimant countries who are entitled to reject equipment or trade with one another, the report added.

According to a Nanking dispatch of 5 October, China claims that SCAP has overvalued the equipment consisting of 9,780 piece of machinery, China's allotment of the 19,561 items constituting the first contingent of Japanese reparations. Readjustment measures are being discussed by China, Great Britain, Holland and the Philippines, the report stated.

A Tokyo dispatch of 2 October reports that the Chinese Reparations and Restitution Committee in Tokyo has inspected nearly 100 factories in Tokyo, Osaka and Nagoya in preparation for the implementation of the reparations program. These representatives have to date visited 43 machine tool factories, 17 ball-bearing factories in Tokyo, Osaka and Nagoya; 3 power plant near Tokyo, 19 ship-building yards, 8 iron and steel factories, and 6 sulphuric factories.

A Yomiuri report of 2 October said that informal requests for Japanese engineers to accompany the reparations removals reportedly have been received from China. The Japanese Government is compiling a list of technicians in anticipation that more requests will follow from the Philippines and Indonesia.

2. JAPANESE PREPARATION FOR REMOVAL OF REPARATIONS EQUIPMENT

According to a Jiji press release of 25 September, Finance Minister Takeo Kurusu stated at the Lower House Foreign Affairs Committee that the Japanese Government is carefully proceeding with the business of removal of reparations equipment. The director of the Reparations Section, Central Liaison Office, said that the Economic Stabilization Board is responsible for the basic reparations removal program. The Finance, Commerce and Industry and Transportation Ministries are handling respectively State properties, private properties and transportation equipment for reparations. A spokesman of the Finance Ministry said that a training program in packing is being given in preparation for the removal of military arsenal equipment.

Mainichi reported on 26 September that in order to dispose of the hugh amount of reparation equipment in a short time, the Government intends to utilize fully private contractors in dismantling and packing reparations equipment. Special care will be taken in selecting suitable contractors. Costs will be fixed on the basis of cost accounting revealed by the trial dismantling and packing so that contractors will not enjoy excessive profits.

C1-013/45FEC-RESTRICTEDC1-013/4517 November 1947FAR EASTERN COMMISSIONCOMMITTEE NO. 1: REPARATIONSSUMMARY OF INFORMATION ON REPARATIONS AND RESTITUTIONNote by the Secretary General

1. The enclosure, a summary of information on reparations and restitution for the week ending 14 November 1947, has been prepared by the Secretariat and is circulated herewith for the information of the members of COMMITTEE NO. 1: REPARATIONS.

2. Unless otherwise indicated, these summaries are based on current news sources available to the Secretariat and their reliability should be assessed accordingly.

NELSON T. JOHNSON  
Secretary General

C1-013/45



FEC-RESTRICTEDE N C L O S U R ESUMMARY OF INFORMATION ON REPARATIONS AND RESTITUTION1. RESTITUTIONa. Tens of Coins Sought Return to Owners

According to the Christian Science Monitor of 11 November 1947, five thousand tons of coins, taken by the Japanese from China, Indo-China and the Philippines during the war, are being sorted out for return to the countries of origin.

The coins, discovered in 15 warehouses in southern Honshu Island, are mostly copper, valued at more than \$2,000,000. Two hundred Japanese are sorting the loot under the supervision of American military personnel.

b. Chinese Nitric Acid Plant Ordered Returned

The Japanese Government has been officially notified by SCAP to retribute to China before the end of this year the Yungli Chemical Company nitric acid plant, which was looted by Japan from Kiangsu Province in March, 1942. The plant is expected to be shipped back to Shanghai early next spring aboard the Yungyuan, a Chinese steamer looted by Japan in 1943.

(Central News Dispatch, 3 November 1947)

c. Publications to be Returned to China, Burma and Hong Kong

SCAP's Civil Property Custodian announced on 20 October that thousands of books, pamphlets and magazines, removed by the Japanese forces in the occupation areas of China, Burma and Hong Kong during the war, are now in the process of restitution to their rightful owners.

More than 8,000 textbooks, religious books and ancient documents, mostly looted from Nankai University in Tientsien and the National Chungshan University in Canton, are scheduled to be shipped to Shanghai in the near future.

Restitution of approximately 8,000 books, 20,000 pamphlets and 3 large sets of periodicals is being carried out at the present time to Hong Kong and Chinese rightful owners through British officials at Kure.

A total of 504 Burmese Government publications, which are in the Imperial Library in Tokyo, are to be delivered to British authorities at Kure for shipment to Burma.

(SCAP Press Release and Central News Dispatch, 20 October 1947)

d. Japanese Government to Report on Objects of Art Acquired After July 7, 1937

The Office of the Civil Property Custodian, SCAP, announced on 20 October that all objects of art having

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a foreign origin with a July, 1937 market value of at least 5,000 yen which were acquired by a Japanese national or agency and are presently located in Japan will be reported by Japanese inventories to SCAP. The objects of art must have been acquired in an occupied area after 7 July 1937.

(SCAP Press Release, 20 October 1947)

2. DISMANTLINGa. SCAP Issues Directive on Arsenals Selected for Removal

The following is the verbatim text of a SCAP Directive issued on 2 October 1947, with regard to "Arsenals Selected for Removal under the Advance Transfer Program."

GENERAL HEADQUARTERS  
SUPREME COMMANDER FOR THE ALLIED POWERS

AG 387.6 (20 Oct 47) REP  
(SCAPIN 1789)

APO 500  
2 October 1947

MEMORANDUM FOR: JAPANESE GOVERNMENT

THROUGH: Central Liaison Office, Tokyo

SUBJECT: Arsenals Selected for Removal under the Advance Transfer Program

1. The Japanese Government is hereby notified that the machine tools and secondary metal working equipment located in the arsenals listed on Inclosure 1 have been selected for removal under the Advance Transfer Program. Final allocation notices, designating the assignment of machines to individual recipient nations, will be issued at a later date. Lists of equipment scheduled to be removed may be obtained from the Commanding General, Eighth Army.

2. Accordingly, the Japanese Government is directed to make all the required preliminary plans and arrangements necessary for the removal of the equipment in accordance with the provisions of Memorandum for the Japanese Government from General Headquarters, Supreme Commander for the Allied Powers, file AG 387.6 (22 Jul 47) REP, (SCAPIN 1751), dated 22 July 1947, subject: Transfer and Delivery of Equipment and Records allocated to Claimant Nations under the Reparations Program, in order that packaging operations can begin full scale immediately upon receipt of allocation notices.

3. The Japanese Government will have qualified representatives on call prepared to report to the Commanding General, Eighth Army, to receive detailed instructions to accomplish the purpose of this memorandum.

FOR THE SUPREME COMMANDER:

/s/ R. M. Levy  
R. M. LEVY  
Colonel, AGD,  
Adjutant General

1 Incl  
List of Arsenals (See SCAPIN 1789 as circulated)

FEC-RESTRICTEDb. Chinese Shipping Plans

According to a Central News dispatch of 1 November 1947, Chinese reparations representatives are already taking delivery and supervising the packaging of 9,447 of machines and tools, which were designated as initial reparations for advance transfer to China.

The exact date of the removal of reparations equipment has not yet been set, but Chinese representatives are already in Tokyo and Sendai, Northern Honshu to make preliminary preparations for reparations removal.

Reparations officials in the Chinese Mission estimated the value of 9,447 pieces of reparations equipment at 57,839,502 yen at the 1939 value, when the foreign exchange rate was approximately three yen to one United States dollar. On this basis of estimate, the value of China's share in the 30 percent advance transfer would amount to more than \$19,279,800. Allowances, however, must be made for deterioration and long years of use.

At the same time the other half of the 30 percent advance transfer, 3,207 machines and tools valued at 57,952,167 yen, has been divided among the United Kingdom, the Philippines and the Netherlands.

The Netherlands was allotted the second highest yen value group among the three countries with a share of one-sixth of the total 30 percent advance transfer -- 3,126 machines and tools valued at 19,296,844 yen.

The Philippines will receive the largest group of machine tools among the three countries, 3,207 pieces valued at 19,113,471 yen.

c. Removal of Machine Tools from Naval Industrial Plant Under Way

Approximately 1,400 machine tools located within the former Yokohama branch of the Japanese navy's technical industrial plant will be dismantled, packed and be ready for shipment to China, the Philippines, Holland and England, a Kyodo news release of 25 October 1947 stated. This first large-scale dismantling work of facilities designated for reparations is scheduled to take place in November in accordance with a SCAP directive of 16 September 1947, in which 16 other industrial plants were also designated.

In this connection, Government authorities have been drafting a so-called "National Reparations Bill" which will be submitted to the Cabinet soon for approval prior to its presentation to the Diet.

The proposed bill authorizes the Government to expropriate all facilities designated for reparations with compensations to be made under a separate law to be enacted after the signing of a peace treaty.

The Government will also be authorized to designate appropriate contractors for the work of dismantling, packing, transporting and shipment of reparation facilities

FEC-RESTRICTEDc. Chinese Ships to Transport Reparations

Special commission will be given by the China Merchants' Steam Navigation Company to a number of vessels, including 2 Liberty ships and 5 cargo ships, totaling 35,000 tons, to assist in moving Japanese reparations to China.

(Chunking News Dispatch, 26 October 1947)

3. DESTRUCTIONa. SCAP Orders Destruction of All Industrial Machinery in Japan Which Was Designed for Single Purpose of Creating Combat Equipment

According to a SCAP Press Release of 29 October 1947, SCAP has ordered the destruction of all industrial machinery in Japan which was designed for the single purpose of creating combat equipment.

The directive applies to all machines designed for this special purpose, whether they are owned by private individuals or the government, and regardless of their location.

An earlier SCAP directive had placed under custody for reparations removal the arsenals and factories which had been constructed as part of the Japanese war machine. Only government-owned "special purpose" machinery had been ordered destroyed, and privately-owned machinery in this category merely had been placed on reparations lists.

Under terms of the current directive, investigators will scan reparations lists with the objective of removing from them all "special purpose" machinery for destruction in such a manner that the equipment cannot be repaired or salvaged, except the scrap. Component parts and auxiliary equipment with independent reparations value which may be used in peacetime operations, will be separated from the condemned equipment before it is destroyed.

"All motors, electrical equipment and other dual purpose equipment will be salvaged and returned to useful peacetime production", the chief of SCAP's Industrial Division, Economic and Scientific Section, said. He noted that "special purpose" machines designed solely for the production of combat equipment are valueless to the Japanese economy in their present form, and that the salvage value of the scrap will help meet peacetime needs.

The Japanese Government has been directed to submit to SCAP an overall plan for accomplishing the destruction of the special purpose machinery, as well as monthly reports showing the progress and estimated date of completion of the program and reports from each installation affected on the number of machines destroyed, the amount of scrap, cost of scrapping and the value of the salvaged scrap.

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SCAP officials estimated that approximately 3,000 to 5,000 machines remain to be destroyed, including all the privately-owned machines of this type and the remaining government-owned machines.

4. STRIKE MISSIONa. Strike on Eve of Departure for East Sees Industry Completed Early in 1948

The following are excerpts from an article which appeared in the New York Times on 8 November 1947.

"The official American survey of Japanese industrial facilities has proceeded about on schedule and probably will be completed for the Secretary of the Army early next year, Clifford S. Strike, president of Overseas Consultants, Inc., New York engineering firm, revealed in a telephone interview. With four other directors of the company, Mr. Strike is leaving via Army transport plane from Washington, D. C., to consult with the field force in Japan, where more than thirty men have studied eight major industries since early last August. The party will return to the United States on 22 November, he said.

"The final survey report, covering iron and steel, chemical, shipbuilding, machine tool, light metals, primary war facilities and petroleum industries of Japan, will provide technical research data on which estimates of surplus Japanese plant capacity available for claims and reparations will be made, Mr. Strike explained.

"Mr. Strike will be accompanied by Robert L. Hamill, partner, Sanderson & Porter, New York; John R. Lotz, chairman of the board, Stond & Webster Engineering Corp., New York; George Burgess, partner, Coverdale & Colpitts, New York, and Frank M. Carhart, partner, Jackson & Moreland, Boston. Mr. Strike, who is also president of F. H. McGraw & Co., Hartford, Conn., and New York, was loaned to the Government for the Japanese survey to expedite the reparations task.

"Overseas Consultants has received progress reports on the Japanese survey once a week, starting in the middle of September, Mr. Strike disclosed, pointing out that 'the actual project is now pretty well along'.

" 'In my opinion', he said, 'we have made good progress. We expect to have most of the personnel back here by the end of the year, except evaluation groups. The field men have been working closely with General Douglas MacArthur but it is hard to say at this time, on account of the European situation, whether or not a similar engineering survey could be used in a European study'.

"Directors of Overseas Consultants hope that the final report will eventually be made public, if such a step is in accord with our national policy, because of the valuable data which could be used as basic marketing information by business executives.

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"Japanese requirements for materials included in their export-import balance study will be important portions of the final report, Mr. Strike concluded, with three types of related economic information tabulated in the report. Field engineers are now studying each Japanese plant, evaluating production capacities as they are now, and determining probable relationships to overall export-import balance, actual plant operating facilities and shipping needs. Surplus, over and above approved operating levels, will be available for claims and reparations, he said."

C1-013/46FEC -RESTRICTEDC1-013/463 December 1947FAR EASTERN COMMISSIONCOMMITTEE NO. 1: REPARATIONSSUMMARY OF INFORMATION ON REPARATIONS AND RESTITUTIONNote by the Secretary General

1. The enclosure, a summary of information on reparations and restitution for the week ending 28 November 1947, has been prepared by the Secretariat and is circulated herewith for the information of COMMITTEE NO. 1: REPARATIONS.

2. Unless otherwise indicated, these summaries are based on current news sources available to the Secretariat and their reliability should be assessed accordingly.

NELSON T. JOHNSON  
Secretary General

C1-013/46

FEC RESTRICTEDE N C L O S U R ESUMMARY OF INFORMATION ON REPARATIONS AND RESTITUTION1. REPARATIONSa. Indo-China Asks Share of Japanese Reparations

According to a Paris news report of 15 November, at the closing session of the Economic Conference in Dalat, Indo-China, the Economic Committee unanimously passed a motion which stipulates, in order to carry out rehabilitation and reconstruction in Indo-China, that:

- (1) The rights to reparations of all victimized nations should be emphasized by France with the utmost vigor at all international conferences.
- (2) These rights be given precedence over all demands put forward by Japan, the aggressor nation.
- (3) Negotiations be opened with the United States with a view to transferring to Indo-China a part of such Japanese reparations as would be allotted to the United States but not utilized by the latter.
- (4) When the peace treaty with Japan is drafted, Japan's peacetime level of production be fixed so as to render it impossible for her to rebuild her war potential or an economic system out of proportion with her natural resources.
- (5) That steps be taken to prevent the Japanese reverting to such pre-war practices as "dumping", which would be tantamount to an act of economic warfare calculated to jeopardize international peace.

b. Restrictions on Japanese Shipping and Reparations To Be Demanded by the Chinese

According to a Nanking news dispatch of 21 November, the Reparations Commission of the Executive Yuan on 20 November with shipping operators to study restrictions on Japanese shipping and reparations. The following demands were agreed upon: 1. total Japanese merchant shipping shall not exceed one million tons; 2. no one ship shall exceed 3,000 tons; 3. restrictions shall be placed on speed and shipbuilding capacities; and 4. all shipping exceeding one million tons shall be transferred to China.

c. Japan Claims She Will Have No Shipping Left If Tentative Reparations Program Is Effected

A Central News dispatch of 12 November reported that Japan's economic journal, Diamond, in an editorial declared that Japan will have no shipping left for transportation or trading purposes if the original shipping reparations program as tentatively adopted by the Far Eastern Commission, is put into practice. According to the journal, Japan at present possesses only 763 ships of a gross tonnage above 100 tons, and, excluding those allocated for repatriation and other special purposes, the total tonnage of serviceable cargo boats in Japan is a little more than 60,000 tons. The journal asserts that a reasonable possession of shipping should be kept from reparations in order to regain the Japanese economy.



FEC-RESTRICTEDd. Shipbuilding Capacity To Be Curtailed by Reparations

A Jiji news release of 6 November reported that it is generally expected that shipbuilding equipment of 20 shipyards will be removed as reparations; that the annual ship construction will be restricted to approximately 150,000 gross tons with authorized tonnage of not more than 5,000 gross tons per ship; and that repair facilities will be allowed to accommodate 3,000,000 tons of shipping a year. There is reportedly another plan under consideration which would allow Japan to own 3,000,000 tons of shipping rather than 1,500,000 tons as originally set. If this is the case, it is considered necessary to maintain a shipbuilding capacity of 500,000 gross tons. At present there are about 80 docks throughout the country which have already been authorized to use former naval installations -- such as those in Kure and Maizuru. An average of 400,000 tons of shipping is being repaired monthly. When an increasing number of foreign ships begin to visit Japan, shipping repair facilities should be such that they can handle 5,000,000 tons of shipping annually.

e. China Orders Fleet to Transport Reparations

A directive has been issued by the Reparations Committee of the Executive Yuan ordering shipping companies in Shanghai to organize a fleet of ships to carry 40,000 tons of reparations from Japan in December, according to a Nanking news dispatch of 13 November.

2. REPARATIONS CLAIMSa. China To Claim 321 Vessels and Shipbuilding Materials As Reparations

According to a Reuters dispatch of 24 November from Shanghai, China will claim 321 ships aggregating 530,000 tons and 300,000 tons of shipbuilding materials as reparations from Japan.

b. Claims on Japan Are Submitted

China, the Philippines, the Netherlands and the United Kingdom have submitted initial claims for 822 of 1,369 machine tools and metalworking machines under the advance transfer reparations program Allied Headquarters announced in the New York Times of 27 November.

3. DISMANTLING OF EQUIPMENTa. Army and Naval Arsenals Among First Dismantled for Reparations

The first large-scale dismantling of facilities designated for reparations in accordance with a SCAP directive of 16 September 1947, and as reported in CI-013/45 of 17 November 1947, was started on 31 October in 17 former military and naval arsenals, according to an Asahi report quoted by a Central News dispatch from Tokyo of 5 November. The 1st Army Arsenal in Sendai and the 1st Naval Arsenal in Yokohama were among the first to be dismantled and crated for reparations. At present only machinery weighing under three tons is being removed and the heavier equipment will be dismantled at a later date.

FEC-RESTRICTEDb. Synthetic Rubber Plants Ready for Inspection Prior to Drawing

A Central News Dispatch from Tokyo of 8 November reported that 8 Japanese synthetic rubber plants designated for reparations are now ready for inspection prior to a drawing by China, the United Kingdom, the Netherlands and the Philippines. An official in the Chinese Mission told Central News on 8 November that part of the equipment originally belonging to the 8 plants has been converted to peace production and that the remaining machinery available for reparations was mostly insignificant or worn out due to strenuous wartime usage.

4. STRIKE MISSION

The New York Herald Tribune on 24 November reported that Clifford S. Strike, president of the Overseas Consultants, Inc., returned to the United States after a two-week trip to Japan, China and Korea and said that the Overseas Consultants report on the industrial situation in Japan would be in the hands of the Secretary of the Army by 1 February 1948.

Mr. Strike reported that the work of evaluation and reorganization in Japanese industry which his group of American engineers undertook for the War Department and the State Department for use in fixing reparations has been making most satisfactory progress.

In the last six months, Mr. Strike said, Japan's production of consumers' goods mostly textiles, had increased 10 percent. He attributed the improvement in the textile output largely to the adaptability of the Japanese to that kind of work. The product was destined mostly for export and the Japanese were no better clothed than before.

General MacArthur, he said, shared his satisfaction in the results of the job done by the American engineers in Japan.

4. RESTITUTIONa. Materials and Equipment Looted by the Japanese Now on Display

A report from the Central News agency in Nanking on 15 November stated that the Chinese Reparations Committee has reported that materials and equipment which were taken from various countries by the Japanese and shipped back to Japan are being assembled and put on display at Tokyo, Kyoto, Osaka, Hakata, Nagoya, and Otaru as ordered by the Allied Supreme Headquarters. Invitations have been sent to representatives of the various countries to come and inspect these materials and equipment at different times.

In the 35 warehouses used to house the various pillaged materials and equipment China lists claims for textile goods taken from Shanghai, books from the Nankai University and iron safes and maps from the Communications Ministry. In the museum in Kyoto there are antiques and remnant scraps from Kalgan; and at Hakata there are mostly antiques and machinery. At the Osaka warehouse there are Chinese copper and nickel coins, machinery -- including electric generators -- and antiques. The motor vehicles which are stored at the Setao warehouse in Tokyo are mostly unmarked as to the areas from which they were looted.

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The Claims Division of the Reparations Committee has notified the different provincial and municipal governments that claims for pillaged goods should be made immediately with supporting proof to the authorities for formal presentation to the Reparations Committee.

b. SCAP Directive Restitutes British Steamship

According to a Reuters dispatch of 17 November, a SCAP directive to the Japanese Government ordered the restitution to the British Government of the steamship Carmen Moller. The ship was repaired and refitted in the Honolulu shipyard and will be sailed by a Japanese crew to Hong Kong via Shanghai.

c. Chinese Ship Returned After Five Years

A Nanking news report of 5 November announced that an 880 ton ship, taken from its Chinese owners by the Japanese over 5 years ago, and recently returned to China, arrived in Shanghai 3 November with 8,000 old books which had been looted from China.

CI-013/47FEC--RESTRICTEDCI-013/4722 December 1947FAR EASTERN COMMISSIONCOMMITTEE NO. 1: REPARATIONSSUMMARY OF INFORMATION ON REPARATIONS AND RESTITUTIONNote by the Secretary General

1. The enclosure, a summary of information on reparations and restitution for the week ending 19 December 1947, has been prepared by the Secretariat and is circulated herewith for the information of COMMITTEE NO. 1: REPARATIONS.

2. Unless otherwise indicated, these summaries are based on current news sources and their reliability should be assessed accordingly.

NELSON T. JOHNSON  
Secretary General

CI-013/47

FEC-RESTRICTEDE N C L O S U R ESUMMARY OF INFORMATION ON REPARATIONS AND RESTITUTION1. REPARATIONSa. First Reparations Shipment to Leave Shortly for the Philippines Under Advance Transfer Program

According to a Kyodo news dispatch of 27 November, 221 pieces of machine tools, weighing 1,393 tons, is being crated in Yokohama for shipment to the Philippines on 24 December as part of the initial reparations consignment to the Allied countries.

The impending shipment comprises a part of the 1,426 pieces of machine tools, weighing 8,985 tons, contained in the former Japanese No. 1 Navy Aircraft Ordnance Branch Plant at Isogo, Yokohama, which has been designated for reparations removal.

Other than the consignment to the Philippines, 446 pieces of machine tools from this plant will go to China, 123 pieces to the Netherlands and 26 pieces to Great Britain. There is no report of the exact date as to when these countries will receive their allotted equipment.

b. SCAP Makes Additional Machinery, Equipment Available for Allocations as Reparations in Advance Transfer Program

According to an official SCAP Press Release of 3 December, Brigadier General W. K. Harrison, Jr., Chief of SCAP's Reparations Section, announced that SCAP has declared additional machinery and equipment in former Japanese army and navy arsenals available for allocations as reparations to the four claimant nations participating in the advance transfer program.

Previous allocations in the advance transfer program consisted of approximately 19,000 machine tools and secondary metal-working machinery in 17 former government-owned arsenals. To date reparations delegates of the four nations--China, the Philippines, the United Kingdom and the Netherlands-- have inspected the equipment allocated to them in 7 of the 17 plants and have submitted claims for 5,289 items from a total of 9,745 inspected.

The new equipment made available from the arsenals consists in general of all moveable machinery except special purpose equipment designed solely for war-making purposes, equipment in authorized use to meet the needs of the Occupation and certain other types exempted by FEC policy.

The allocations will not exceed 30 percent of the equipment in approximately 90 former army and navy arsenals with their several hundred subordinate dispersal areas. The wide range of equipment now available in the arsenals in addition to machine tools and secondary metal-working machinery includes power plants and floating docks, cranes, air compressors, pumps, boilers, electric furnaces and precision instruments.

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g. China Expects First Shipment of Initial Reparations by End of Year

The Central News on 5 December reported that the first shipment of initial reparations for advance transfer to China is expected to reach Shanghai before the end of this year. The shipment will consist of 700 sets of machinery tools and secondary metal-working equipment weighing about 3,000 tons. About 300 sets are at present piled up ready for shipment at Yokosuka harbor. The remainder is not as yet marked. It is expected to take four or five months to complete shipment of the 45,000 tons of machinery allotted to China as initial reparation.

The first shipment of 700 sets, which consists of 9,446 pieces, has been already allotted to various branches of the Chinese Government by the Executive Yuan, according to a Shanghai dispatch of 27 November. The Ministry of Economic Affairs will receive 2,363 pieces to place on auction to private industries; 1,501 will go to the Ministry of Communications; 3,598 to the Ministry of National Defense; 594 to the Ministry of Education; and 1,392 to the National Resources Commission.

Two ships, the Haikang and the Haichi, will leave China for Japan on 15 December and 20 December, respectively, to transport these first reparations materials from Japan to China, according to a Central News dispatch of 8 December.

d. Earmarked Plants Will Organize Themselves into a League for State Indemnification Reparations Plants

A Japanese news report of 5 December reported that 105 Osaka plants designated as reparations will organize themselves shortly into a league for state indemnification to be paid the owners of reparations plants. They will seek the cooperation of more than 800 reparations plants throughout the country.

e. Japanese Editorial Predicts Large Reparations Demands from Current Production Level

The Japanese newspaper Sekai Nippo on 5 November printed an editorial entitled, "The Reparations Problem," predicting large-scale reparations from current production. (The Sekai Nippo was first published 15 August 1946, and now has a circulation of 70,000. It was formerly a news agency and a fore-runner of Domei. It is at present backed by Dentsu, an advertising agency and generally emphasizes international news.)

The editorial pointed out that the 54 billion dollars initial reparations claims reportedly filed by the 11 Allied Nations against Japan, on the basis of 118 percent (ed. note: scaled down to 100 percent, the total sum of reparations will be reduced accordingly. Also the removals from Japan itself will be further reduced since the figure of 54 billions contain former Japanese overseas assets, the editorial stated.

The editorial continued by commenting that some circles in Japan believed that reparations removals would not be extensive since (a) the Allied Powers wish to enable Japan to stand on her own feet economically and (b) industrial equipment has largely depreciated. The editorial pointed out, however, that removals in the form of current production, rather than

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industrial facilities, appeared likely since the industrial level would thereby remain unimpaired and since Allied observers had reportedly been impressed by the appearance of large stocks of black-market goods.

## 2. REPARATIONS CLAIMS

The four claimant countries participating in the advance transfer reparations program--China, the Philippines, the Netherlands and the United Kingdom--have submitted claims for a total of 822 machine tools and secondary metal-working equipment items, as reported in CI-013/46 of 3 December. An official SCAP Press Release of 26 November provides a more detailed account of the claims made:

The claims are made from 1,369 items of the Kamariya Branch of the First Naval Technical Arsenal located in Isogo-ku, Yokohama-shi. A breakdown of the initial claims submitted by the four nations for the equipment is as follows: China, 451 tools claimed to date from a total of 655 allocated; the Philippines, 221 claimed from 247 allocated; the Netherlands, 125 claimed from 215 allocated; and the United Kingdom, 25 claimed from 252 allocated.

This selection is preliminary and the claimant nations may still select additional tools from those allocated them in the plant. Reparations equipment not claimed by the four nations remains subject to future allocation as part of the reparations program and will not revert to the Japanese until the conclusion of the entire reparations program.

SCAP has directed the Japanese Government to dismantle and pack this equipment and to transport it to the ports. At the ports the Japanese Government will be responsible for loading, stowing and bracing the equipment aboard ships provided by the claimant nations according to a schedule which will be announced later.

Ten of the 17 former government-owned arsenals, comprising the first segment of Japanese reparations assets have been inspected and the claims for equipment allocated from these plants are being submitted to the Reparations Section of SCAP as the inspections progress.

## 4. RESTITUTION

### a. 11-Nation Restitution Committee To Be Formed

A Central News dispatch of 26 November reported that a 11-nation restitution and restoration committee will be formed shortly to handle restitution affairs in Japan. Establishment of this new committee, which was proposed by the Chinese reparations delegate and approved by the majority of the Allied representatives, will parallel the Reparations Technical Advisory Committee. The new committee's purpose will be to eliminate red tape in handling restitution. At present each claim for restitution is submitted to SCAP as an individual case. The new committee will deal with restitution problems collectively (See MI-129/13).

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b. Three Radium Needles To Be Restored to the British Government

According to an official SCAP Press Release of 15 November, 3 valuable radium needles which were removed from the Queen Mary Hospital in Hong Kong during the war will be restored to the British Government in the very near future.

These needles have been held in SCAP custody in the vaults of the Bank of Japan during the Occupation.

c. Various Chinese War Loot To Be Restored

A Central News dispatch of 25 November reported that 2 factories and 5 ships, including one 10,000-ton oil tanker, looted from China during the war were recently located in Japan and will be returned to China by the end of this year. Ninety-four pieces of State treasure, including the famous "gold dragon plate" of the Han Dynasty, together with 188 crates of map plate and 14,817 ancient books are to be sent back to China as soon as shipping is available.

A Chungking dispatch of 10 December reported that a Chinese ship left Shanghai for Nagasaki to tow back to China the 10,000-ton S. S. Hainan, the largest ship to be returned to China since the Japanese surrender.

5. REPLACEMENT OF LOST CULTURAL OBJECTS

The following is the text of an official SCAP Press Release of 22 November 1947.

"Standards of Japan's national treasures will sink to the level of 'not very interesting archeological pieces' unless greater selectivity is shown in designating art objects as national treasures, Mr. Charles F. Gallagher, a SCAP CI&E official, told the Kyoto National Treasures Society.

"He warned that the reputation of ancient Japanese art, now highly regarded in other parts of the world, may deteriorate considerably if Japan designates as national treasures objects or structures simply because they represent local variations of provincial style in each period of Japanese art history.

"The problem, Mr. Gallagher pointed out, lies in confusing art history and registration. As examples, he referred to 'the Plethora of national wood sculptures of Chishodaishi at Onjoji, where three manifestations of the same Buddhist saint, all highly repetitious in style and period, are registered as national treasures.'

"Foreign art objects, chiefly Chinese, which have come into Japan in the past several decades comprise another questionable group for designation as national treasures, the SCAP official said.

"It is quite reasonable to make a national treasure of a Chinese painting that has been in Japan for several hundred years and has a long Japanese tradition behind it, but it is



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questionable that Chinese objects which came here during the twentieth century should be so designated,' Mr. Gallagher explained.

"He contrasted the El Greco painting, bought during this century by M. Ohara of Okayama, with another national treasure, the Hasekura Tsunenaga portrait, which has been a part of the heritage of the Date family and Japan since it was painted in 1614 by a Roman artist when Tsunenaga, a Date retainer, visited Rome as an emissary to the Vatican.

"The official told the society that the national treasure system in Japan, while a necessary aid in protecting her unusual heritage of fine art, has been misused if an art object has been designated merely to prevent its export from Japan. He reiterated that the export of national treasures and important art objects from Japan is contrary to the policy of SCAP, which has the responsibility of preserving the cultural treasures of Japan.

"At present, approximately 7,951 national treasures and 8,798 'important art objects' are registered with the Ministry of Education. Included in the latter group are more than 264 art objects registered since the end of the war.

"Some members of the Kyoto National Treasure Society are also members of the Ministry's National Registration Committee, which controls designation of paintings, sculpture, literary documents and calligraphy, swords, structures, and archeological objects as national treasures."

C1-013/48FEC-RESTRICTEDC1-013/4816 January 1948FAR EASTERN COMMISSIONCOMMITTEE NO. 1: REPARATIONSSUMMARY OF INFORMATION ON REPARATIONS AND RESTITUTIONNote by the Secretary General

1. The enclosure, a summary of information on reparations and restitution for the week ending 9 January 1948 has been prepared by the Secretariat and is circulated herewith for the information of COMMITTEE NO. 1: REPARATIONS.

2. The particular attention of the patents subcommittee of Committee No. 1: Reparations, is invited to item 3 of the enclosure regarding a SCAP project to abstract Japanese scientific data.

3. Unless otherwise indicated, these summaries are based on current news sources and their reliability should be assessed accordingly.

NELSON T. JOHNSON  
Secretary General

C1-013/48

FEC-RESTRICTEDE N C L O S U R ESUMMARY OF INFORMATION ON REPARATIONS AND RESTITUTION1. REPARATIONSa. ARSENALS SELECTED FOR REMOVAL UNDER THE ADVANCED TRANSFER PROGRAM LISTED IN OCTOBER, 1947 SUMMATION

Seventeen arsenals were designated in SCAPIN 1789 of 2 October 1947 (circulated in C1-013/45), from which metalworking equipment not in authorized use will be removed. This equipment has been allocated to China, the Netherlands (for the Netherlands East Indies), the Philippines and the United Kingdom (for Malaya, Burma and its colonial possessions in the Far East) under the advance transfer program. The arsenals named contain approximately 19,000 metalworking machines of the total 69,000 metalworking machines not in authorized use in all arsenals. These arsenals were listed in the SCAP Summation of Non-Military Activities in Japan, October, 1947, and are shown below for the convenience of Committee No. 1.

- (1) 1st Naval Technical Arsenal, Kamariya Branch
- (2) 1st Tokyo Military Arsenal, Nerima Military Warehouse
- (3) 1st Tokyo Military Arsenal, Sagami Army Arsenal
- (4) 1st Tokyo Military Arsenal, Sendai Factory
- (5) 1st Tokyo Military Arsenal, Takinogawa Factory
- (6) 2nd Tokyo Military Arsenal, Kori Factory
- (7) 21st Naval Air Depot, Omura Branch
- (8) Kawatana Naval Arsenal
- (9) Kure Naval Arsenal, Mizuno Shipbuilding Yard
- (10) Kure Naval Arsenal, Harimazoshensho
- (11) Nagoya Military Arsenal, Honsha Chikusa Kojo
- (12) Nagoya Military Arsenal, Takagi Factory
- (13) Osaka Military Arsenal, Osaka Factory
- (14) Saka Military Arsenal, Shirahama Factory
- (15) Tagajo Naval Arsenal
- (16) Toyckawa Naval Arsenal, Chirigi Kojo
- (17) Yokosuka Naval Arsenal

b. Advance Claimant Shares from Arsenals Listed

The SCAP Summation of Non-Military Activities in Japan for October, 1947, also lists the shares of metalworking machines from the 17 arsenals which were allocated by drawing at the bi-weekly meeting of the Reparations Technical Advisory Committee on 7 October.

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17 Arsenals

<u>Claimant</u>	<u>Number</u>	<u>Machines</u>
		<u>Value</u> (In terms of 1939 yen)
China	9,406	57,851,645
Netherlands	3,126	19,315,405
Philippines	3,270	19,114,762
United Kingdom	3,252	19,499,511
Total	<u>19,054</u>	<u>115,781,323</u>

Inspection of 3 of the arsenals was completed by the claimants preparatory to deciding which of the machines tentatively allocated would be accepted, rejected or traded.

Preliminary packaging operations consisting of completely packaging not more than 25 tools in each arsenal were concluded for the 17 arsenals.

Seven reparations and restitution delegations made 64 inspections of factories, principally in the iron and steel and machine tool industries, exclusive of inspections of designated arsenals. In addition, ball and roller-bearing, thermal power, caustic soda and sulfuric acid plants were examined.

c. China Allocated 19 Million Dollars Worth of Reparations Equipment

According to a Central News dispatch of 18 December, authoritative sources reported that China has already been allocated \$19,431,000\* worth of reparations equipment in two drawings in Tokyo for the 30 percent advance transfer of reparations.

In the two drawings, China obtained approximately 12,500 pieces of machines and tools and laboratory research equipment. According to a SCAP estimate, Japanese reparations equipment amounted to approximately 1,644 million U.S. dollars\*, 30 percent of which has been earmarked for advance transfer to China, the United Kingdom, the Philippines and the Netherlands. In the advance transfer program, China will receive one-half of the 30 percent. Requests have already been received by the Chinese Mission from research institutions and schools for this type of equipment.

Doctor Wu reported that the equipment in the second allocation, including 3,000 pieces of testing and measuring devices, electronic instruments, burners, heaters, pumps and indicators--valued at approximately \$171,000\*-- could be put to immediate use upon arrival in China. Doctor Wu is of the opinion that a third drawing will take place in Tokyo in about two months for the balance of the equipment in army and naval arsenals, including cranes, hoisting machines, power units, boiler compressors and naval shipyard equipment.

Doctor Wu reported that the initial removal of reparations equipment earmarked for China which was originally scheduled to take place about the middle of December has been postponed for a short time. Two Chinese ships will sail for Japan early in January 1948.

(\*Secretariat Note: See following page)

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(\*Secretariat Note: It should be noted that the figures in this article are based on valuations made solely for purposes of allocation and with a view to achieving equitable distribution of the facilities made available under the Advance Transfers Program. SCAP is currently operating under a U.S. interim directive which states in this connection that "values assigned to reparations assets...need have no relation to any other values as long as these values are consistent among the reparations assets comprised of industrial facilities and equipment." Undue significance should not, therefore, be attached to the dollar figures mentioned in this article.)

A Reuters dispatch of 2 December reported that the Chinese Foreign Minister, Dr. Wang Shih-chieh, expressed his hope that this Japanese industrial equipment would help to rehabilitate China's much depleted industry.

The Special Distribution and Transportation Committee has met to make arrangements to bring China's share of industrial reparations from Japan. The China Merchants Steam Navigation Company will set aside two vessels to begin this service. The equipment is already crated and ready for shipment from the Japanese ports, according to Reuters.

d. First Shipment in Advance Transfer Program to Arrive in China

A Central News dispatch of 27 December reported that the first shipment of reparations earmarked for China in the advance transfer program is expected to reach Shanghai around the middle of January. The first Chinese ship to carry reparations equipment will sail from Tsingtao on 5 January and is expected to arrive at Yokosuka on 10 January.

e. Philippines Reparations Equipment Scheduled to Leave Japan by End of Year

According to an official SCAP Press Release of 13 December, Brigadier General Harrison, Jr., chief of SCAP's Reparations Section, announced that reparations equipment allocated to the Philippines as part of the advance transfer program from five former Japanese Government-owned arsenals in the Tokyo-Yokohama area will leave Japan by the end of 1947.

The equipment, which consists of 500 to 600 machine tools and secondary metalworking machinery items, is to be the first grouping of reparations assets to leave Japan. This equipment is thought to total approximately 1,500 tons.

SCAP has already directed the Japanese Government to move the packaged equipment from the arsenals to Yokosuka so as to expedite loading.

f. Philippines Allocated Power Plants Among Japanese Reparations

A dispatch from Manila of 18 December indicates that Japanese power plants have been allocated to the Philippines as reparations. These Japanese plants have a capacity of 90,000 kilowatts, while the combined capacity of the two generating plants now in operation in the islands is only 62,000 kilowatts. These plants will greatly aid the national industrialization program by more than doubling the electric generating capacity of the islands.

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These plants fall under the second category of reparations distributed by SCAP and are to be shipped early in 1948. The Philippines shortly will receive 2,317 units of machine tools distributed under the first category allocations.

2. RESTITUTIONa. SCAP Orders Restitution of Property to Three Governments

An official SCAP Press Release of 20 December reports that as a result of SCAP directives to the Japanese Government 7 pieces of valuable jewelry, 27 IBM office machines and 77 scientific books, stolen from the Philippines, the Netherlands East Indies and Malaya, respectively, during the war by the Japanese will be restituted to these governments in the near future.

The scientific books consist of "insect specimens" and journals removed from the Selangor Museum in Malaya and were discovered in the archives of Tokyo's Biological Institute. The volumes will be turned over to British authorities in Japan for shipment.

b. Pilot Boat to be Returned to British Authorities

According to an official SCAP Press Release of 11 December, a former Yangtse river pilot boat, the 921 ton S. S. Hsin-Yangtse, captured by the Japanese in Shanghai during the war, has been ordered restituted to British authorities by a SCAP directive to the Japanese Government.

Repairing and refitting of the vessel has been completed at Japanese shipyards and, after marine surveys and trial runs under the supervision of Allied technical experts, the ship will be sailed by a Japanese crew to Shanghai. Formal restitution to the British Government will take place at the Chinese port.

3. PATENTS AND TECHNICAL RESEARCH DATAa. Japanese Scientific Research During War Years Being Made Available to World Via Abstracting Project in SCAP Section

The following is the verbatim text of an official SCAP Press Release of 6 December, which is reproduced below in connection with CI-280 and CI-280/1.

"Japanese scientific research during the war years is being made available to the world via an abstracting project in the Scientific and Technical Division of SCAP's Economic and Scientific Section, division officials reported.

"More than 4,700 abstracts from Japanese technical journals published after 1941 have been prepared since October, 1946, by a staff of 16 Japanese abstractors headed by Dr. T. Katsurai, the ESS officials said.

"Completed abstracts, they explained, are sent through official channels to the Department of the Army's Civil Affairs Division, the Department of Commerce's Office of Technical Services, and non-profit scientific abstract publications for further world-wide dissemination.

"'In this way,' Dr. D. J. Pletsch of the Division's Fundamental Research Branch explained, 'concise summaries of what Japanese scientists have accomplished, particularly in the chemical, physical and mathematical fields, are once more being circulated. Public response in the United States has resulted in many requests for additional information.'

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"Officials said the project was started when Dr. H. C. Kelly, the Division's Deputy Chief, received a request for chemical journal abstracts from the editor of Chemical Abstracts, the journal of the American Chemical Society, with the largest abstract service in the world.

"The Division has also completed an arrangement with Mathematical Reviews for abstracts. This magazine exchanged materials with a now defunct Japanese mathematical journal before the war. Inquiries have also been received for special abstracts from Biological Abstracts.

"Officials said it was also their understanding that abstracts receive additional circulation through United States governmental agencies and that microfilm copies of particular abstracts are available to persons or agencies in that country upon request to the OTS."

CI-013/49FEC-RESTRICTEDCI-013/496 February 1948FAR EASTERN COMMISSIONCOMMITTEE NO. 1: REPARATIONSSUMMARY OF INFORMATION ON REPARATIONS AND RESTITUTIONNote by the Secretary General

1. The enclosure, a summary of information on reparations and restitution for the week ending 30 January 1948, has been prepared by the Secretariat and is circulated herewith for the information of COMMITTEE NO. 1: REPARATIONS.

2. Unless otherwise indicated, these summaries are based on current news sources and their reliability should be assessed accordingly.

NELSON T. JOHNSON  
Secretary General

CI-013/49



FEC-RESTRICTEDE N C L O S U R ESUMMARY OF INFORMATION ON REPARATIONS AND RESTITUTION1. REPARATIONSa. Nations Participating in 30 Percent Advance Transfer Reparations Program Submit Claims for Machine Tools and Metalworking Equipment

According to an official SCAP Press Release of 7 January 1948, the four nations participating in the 30 percent advance transfer reparations program (see CI-013/47, item 1 b) have submitted claims for more than 11,930 machine tools and items of secondary metalworking equipment following their inspection of 17 former government-owned arsenals.

The tools represent approximately 62.6 percent of the total of 19,052 tools allocated to the four nations in the 17 arsenals as the first segment of the advance transfer program. The participants have reserved decision on more than 7,000 pieces of equipment allocated to them.

Percentage of equipment accepted to date by each of the nations is as follows: China, 69.6 percent from 9,405 allocated; the Netherlands, 49.4 percent from 3,126 allocated; the Philippines, 92.2 percent from 3,269 allocated, and the United Kingdom, 25.3 percent from 3,252 allocated.

The same SCAP Press Release also stated that on 6 January representatives of the United Kingdom, the Philippines and the Netherlands drew lots to determine their respective shares of more than 1,700 items of laboratory and research equipment in the First Tokyo Military Arsenal. The shares, which are as nearly equal as it was possible to divide them, all have an approximate value of 231,000 yen, based on 1939 evaluations. (Attention is invited to the Secretariat note regarding evaluation of assets allocated as reparations which appeared in paragraph 1d of CI-013/48, circulated 16 Jan. 1948.) Several weeks ago China drew its half of the total of more than 3,000 items of this equipment which were made available for the advance transfer program.

b. First Official Transfer of Reparations from Japan to Claimant Nation Completed

An official SCAP Press Release of 16 January 1948 reported that in a ceremony between Japanese and Chinese Government representatives, with Eighth Army officials witnessing the signature, the first official transfer of reparations from Japan to a claimant nation was made at Nagaura Bay near Yokosuka on 16 January.

According to the same SCAP Press Release, immediately following the property transfer, the 2600-ton Hai Kang, sailed for Shanghai. The transfer involved 432 crates weighing approximately 1,000 tons.

Awaiting at Nagaura Bay for shipment to China are 1,219 crates.

This is the beginning of a stream of shipments to leave Nagaura Bay for China, the Philippines, the Netherlands and

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the United Kingdom, SCAP reported. The 10,000-ton Netherlands S. S. Tjibesar is due for arrival in Yokohama to carry approximately 650 machines to the ports of Sourabaya, Belawan and Macassar in the Netherlands East Indies.

The Philippine LST 875, which would have been the first to carry away the reparations shipment scheduled for removal from Japan in late December had it not been damaged and had to return to the Philippines for repairs, is expected to arrive in late January. The LST will load some 500 to 600 machines, weighing approximately 1,500 tons. The Philippine Government has accepted approximately 650 machine tools and secondary metalworking equipment from arsenals in the Tokyo-Yokohama area in its part of the initial reparations program.

c. S. S. Hai Kang Arrives in China with First Reparations

According to a Nanking news dispatch of 23 January, the S. S. Hai Kang which left Yokosuka on 16 January arrived in Shanghai on 22 January with China's first shipment of reparations from Japan in the advance transfer program. Of the reparations equipment shipped, 3 tons will go to the National Resources Commission, 36 crates to the Ministry of Communications, 2 to the Ministry of Education, 12 to the Ministry of National Defense and 286 to the Ministry of Economic Affairs, according to the dispatch.

d. Second Chinese Reparations Ship Leaves Yokosuka

According to a Central News dispatch from Tokyo on 27 January, the second Chinese reparations ship, the S. S. Haiche, which arrived at Yokosuka on 22 January with a group of Chinese traders, left Yokosuka on 27 January carrying 559 crates of machinery and tools removed from Tokyo and Yokosuka arsenals. The Chinese reparations representative said that most of the second reparations shipment has been allocated to the National Defense Ministry which will get 249 crates. The remainder are to be distributed among the Economic Affairs Ministry, 117 crates; the National Resources Commission, 99 crates; the Education Ministry, 54 crates; and the Communications Ministry, 40 crates. Meanwhile, another Chinese steamer, the S. S. Yunghsin, is expected to arrive in Japan in early February to clear the remaining 1,000 crates of reparations machinery and tools at present piled up on Yokosuka wharf.

e. Private Chinese Shipping Companies Given Contracts to Transport Reparations

According to a Reuters dispatch from Shanghai of 8 January, private Chinese shipping companies have been given contracts to transport some 3,000 tons of Japanese reparations to China as a result of a meeting on 7 January between the Transport Supervision Committee of the Executive Yuan's Japanese Reparations Commission and private shippers. Previously only State-owned ships of the China Merchants' Steam Navigation Company were given contracts for the job.

f. Japanese State Minister Will Head Projected Reparations Board

According to a Jiji news release of 24 January, Dr. Junzo Sasamori, State Minister, will head the projected Reparations Board. Other members on the board include: Hisanaga Shimizu, chief of the Reparations Department, the Central Liaison Office, as vice-director general; Yujiro Iseki, assistant director of

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the Kyoto Liaison Office serving as chief secretary and concurrently as chief of the General Affairs Section, the Central Liaison Office, as chief of the Research Section; Kenji Kawase, chief of the Operation Section, Central Liaison Office, as chief of the Operation Section; and Yukio Shimoda, chief of the Transportation Section, Central Liaison Office, as chief of the Transportation Section.

This Reparations Board is to be under the jurisdiction of the Prime Minister's office.

G. Foreign Minister Ashida Reports to the Diet on Reparations

According to a Jiji release of 28 January, Japanese Foreign Minister Hitoshi Ashida stated that he was under the "general impression" that discussions among the Allied Powers on the Japanese reparations question are drawing to a close.

Testifying before the House of Representatives Accounts Committee on the Government bill setting up a board of reparations, Dr. Ashida said that he had the "general impression" that, from the Pauley plan to the Strike plan, realistic reparations plans are being gradually formulated and examined by the Far Eastern Commission. He further told the committee that he understood the major questions now centered on the allocation of Japanese reparation plants and facilities among the Allied Powers and also on the industrial level to be fixed for Japan.

The Foreign Minister felt that with reference to these two questions the Allied Powers were approaching a general conclusion. He revealed that the Control Bureau of the Foreign Office was collecting some data on the question of Japanese assets abroad, but added that Japan has no voice in the settlement of this question.

According to Dr. Ashida, however, some provisions for disposal of Japan's overseas assets will be made in the peace treaty.

2. RESTITUTION

a. Recovery of American Property Confiscated or Looted During the Japanese Occupation of China

According to a Department of State press release of 26 January, the American Embassy at Nanking has reported that the Chinese Government has extended the time limit for presentation of evidence by American nationals who claim ownership of, or interest in, property which the Chinese Government took over from the Japanese as enemy and puppet property to 30 June 1948. The deadline, as reported by the Department of State in a press release of 16 October 1947, was 31 December 1947.

The release specified procedure for submitting claims for property looted by the Japanese but now located in China. Such claims are to be submitted to appropriate regional offices of the Central Trust of China, Alien Property Liquidation Office.

The release further indicated the procedure for claiming property looted by the Japanese in China but now located in Japan. No dead-line for such claims has been announced, the release stated, but early submission of claims to the Reparations Commission of the Executive Yuan, via the US Embassy in

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Nanking, was recommended. Restitution of looted property now located in Japan will be guided by principles contained in FEC-011/14, Restitution of Looted Property, approved by the Far Eastern Commission, 18 July 1946, the State Department release indicated.

American owners of property seized by the Japanese, the present location of which is not known, may submit descriptions of the property and evidence of ownership to the Embassy at Nanking for forwarding to the Chinese Ministry of Foreign Affairs, which will enlist the aid of appropriate Chinese authorities in an attempt to find the missing property.