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GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
APO 500

AG 544 (3 Mar 50)CTS
SCAPIN 2086

3 March 1950

MEMORANDUM FOR: JAPANESE GOVERNMENT

SUBJECT: Japanese Merchant Shipping

1. References:

a. SCAPIN 1931, AG 544 (27 Jul 48)CTS, 2 Sep 48, subject:
Japanese Merchant Shipping.

b. SCAPIN 1931/1, AG 544 (27 Jul 48)CTS, 5 Aug 49, subject:
Japanese Merchant Shipping.

2. Memorandums, references 1a and 1b, are hereby rescinded, effective
31 March 1950.

3. Effective 1 April 1950, present time charter arrangements for
vessels under Civilian Merchant Marine Committee shall be cancelled.
All cargo vessels over 800 gross tons shall be divided into two cate-
gories: Category A covering vessels employed in overseas trade and
Category B covering all other vessels over 800 gross tons. Relaxation
of controls of these two categories shall be effected as indicated be-
low:

CATEGORY A

Vessels engaged in Japanese overseas trade

4. Steel cargo vessels engaging in trade outside Japan shall be
released commencing 1 April 1950, to their respective owners, for owners'
account under private operation (without government subsidy). Shipown-
er operating vessels in accordance with the above will be required
through the Civilian Merchant Marine Committee to:

a. File application with Supreme Commander for the Allied
Powers for clearance of vessels in foreign trade.

b. Submit proposed rates to Supreme Commander for the Allied
Powers for review.

c. Process through Supreme Commander for the Allied Powers
settlement of all freight monies and accounts in connection with ship-
ping, husbandry or brokerage with agents outside Japan.

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5. All vessels meeting International requirements, (Loadline Certificate, Safety of Life at Sea and Communications Certificates) shall be eligible for release of controls. Additional vessels may be added to this category upon approval of Supreme Commander for the Allied Powers. Vessels placed in this group shall not be returned to Category B once approval has been given for inclusion in Category A (vessels engaged in overseas trade).

CATEGORY B

All vessels over 800 gross tons not included in Category A

6. The Japanese Government will take the following action in the administration of the subsidy funds appropriated for the Civilian Merchant Marine Committee.

a. Effective at the beginning of JFY 1950-51, end all payment of charter hire of any kind for any vessel, except charter hire paid for the actual carriage of wholly Government owned cargo.

b. Commence the payment of standby subsidy to the owners of steel cargo vessels of over 800 gross tons according to the following regulations:

(1) Basic standby subsidy shall be fixed by the Civilian Merchant Marine Committee to provide for each vessel only the minimum standby crew, fuel and supplies required to keep it in operating order, and covering cost of minimum insurance but not interest or any profit or other payment to owners. In general, for craft over 800 but less than 2,000 tons, the standby crew will be limited to four, of whom one may be the master of the vessel. For larger vessels, the crew will be kept to a similar minimum.

(2) For the purpose of standby subsidy, the Japanese Merchant fleet over 800 gross tons will be divided into the following groups:

(a) Group I. Vessels complying with International Classification Society rules.

(b) Group II. Vessels complying with Japanese Classification Society rules but not meeting the standards of (a) above.

- (c) Group III. Vessels not meeting the standards of Group II but capable of operating at the same average cost as those listed in Group II. The minimum test for placing a vessel in Group III shall be the completion of one or more voyages under pay load totalling at least 500 miles since 30 September 1949.
 - (d) Group IV. Vessels not in condition to operate or not meeting the standards of Group III.
- (3) For a period of six months from the beginning of JFY 1950-51, the standby subsidies shall be paid to all vessels in Groups I, II, III and IV.
 - (4) Effective not later than 1 October 1950, the following standby subsidies shall be paid.
 - (a) Group I. - the basic subsidy.
 - (b) Group II. - the basic subsidy.
 - (c) Group III. - the basic subsidy less 20 percent. No subsidy shall be paid to vessels in Group IV or to any vessel for time within thirty days after its most recent employment.
 - (5) Effective not later than 1 January 1951, the following standby subsidies shall be paid.
 - (a) Group I. - the basic subsidy.
 - (b) Group II. - the basic subsidy.
 - (c) Group III. - the basic subsidy less 50 percent.

7. Through the Civilian Merchant Marine Committee, all Japanese merchant vessels will continue to be subject to administrative control of Administrator, United States Shipping Control Authority for Japanese Merchant Marine. The Ministry of Transportation will collect, compile, and submit such reports as may be required.

8. To permit orderly and gradual return of operating responsibilities for the Japanese merchant fleet to normal channels as outlined above, direct communication in implementation of this directive is

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authorized between Civil Transportation Section, General Headquarters,
Supreme Commander for the Allied Powers; Commander, United States
Naval Forces, Far East (Administrator, United States Shipping Control
Authority, Japanese Merchant Marine) and the Japanese Government.

FOR THE SUPREME COMMANDER:



K. B. BUSH,
Brigadier General, USA,
Adjutant General.

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RECD SGS

Date

4 Mar Time 1305