

RG117      BUNDLE 356      PART 12  
VOL 270

Copy

P. C. 7355  
P.C. 268, January 23, 1947  
(As amended by  
ORDER IN COUNCIL re FINANCIAL ASSISTANCE TO THEIR ASSETS TO JAPAN  
TO JAPAN AND FOR LIQUIDATION AND TRANSFER OF THEIR ASSETS TO JAPAN  
AT THE GOVERNMENT HOUSE AT OTTAWA  
Saturday, the 15th day of December, 1945

His Excellency General in Council:

The Governor General  
Whereas during the course of the war with Japan, certain Japanese nationals manifested their sympathy with or support of Japan by making requests for repatriation of the Japanese race have re-  
soned of the Japanese race have re-

And whereas other persons may request or may be sent to jail, - a necessary by reason of the

And whereas it is considered necessary, for the security, defence, peace, order and welfare of

Canada, during His Excellency, the Governor General,  
Minister of Labour,

Now, therefore, HIS MAJESTY, the Minister of External Affairs Council, on the recommendation of the Secretary of State for External Affairs Act, Chapter 20 concurred in by the War Measures Act, 1927, is pleased to make under the authority of Canada, 1927, and of the Revised Statutes of Canada, 1927, doth hereby make the following Order, --

ORDE

1. In this Order,
    - (a) and (b) Revoked by P.C. 268 of January 23, 1947.
    - (c) "Minister" means the Minister of Labour;
    - (d) "request for repatriation" means a written request or statement of desire, to be repatriated or sent to Japan, Sections 2 to 5 inclusive revoked by P.C. 268 of January 23/47.
  6. (1) Any person who, having made a request for repatriation proceeding to Japan shall be entitled, in so far as circumstances at the time permit
  - (a) to purchase suitable foreign exchange to the extent of any money in his possession or standing to his credit in Canada or advanced to him by the Minister pursuant to section seven and to take such foreign exchange out of Canada with him;
  - (b) to deposit any money in his possession or standing to his credit in Canada with the Custodian of Enemy Property who shall provide such person with a receipt therefor and purchase foreign exchange therewith, and transfer the same, less transfer charges, to such person whenever reasonably possible;
  - (c) to take with him such other personal property belonging to him as may be authorized by the Minister;

(2) Where real or personal property of a person, having made a request for repatriation, has proceeded to Japan, has not been sold or otherwise disposed of prior to departure such from Canada personal property shall, as of the date of departure from Canada of such person, be vested in the Custodian of Enemy Property, who shall sell the same as in his opinion it is reasonably practicable to do so, and in the meantime he may take such measures as he deems proper for the care, maintenance and safeguarding of such property, and the net proceeds realized from such sale, after the deduction of reasonable charges of handling shall be placed to the credit of such person and dealt with as provided in paragraph (b) of subsection (1) of this section.

7. (1) The Minister may at or immediately prior to the time of departure advance to or for a person who, having made a request for repatriation, is proceeding to Japan, an amount in suitable foreign exchange equivalent to the following:--

- (a) Where such person is sixteen years of age or over and does not possess at least two hundred dollars, the difference between the amount he possesses and two hundred dollars which shall be paid to such person;
- (b) Where such person has one or more dependents under sixteen years of age and does not possess at least two hundred dollars together with a further amount computed on the basis of fifty dollars for each such dependent, the difference between the amount he possesses and the total of two hundred dollars and the amount so computed,

(2) Any amount advanced as provided for in subsection (1) of this section shall be recoverable from the person to whom it is paid, from any money to the credit of such person with the Custodian of Enemy Property.

8. The Minister may make arrangements with any department or agency of the Government of Canada to assist him in carrying out the provisions of this Order.

Sections 9 to 12 inclusive revoked by P.C. 268 of January 23/47.

#### General

13. The costs involved in the administration of this Order shall be paid from the amounts allotted from the War appropriation to the Department of Labour for Japanese administration.

A.D.P. Heaney,  
Clerk of the Privy Council.

COPY

FEC-090

2 October 1946

Property taken FAR EASTERN COMMISSION

should be:

THE SETTLEMENT OF AMOUNTS DUE TO REPATRIATED JAPANESE

(1) their property and funds

The enclosure, a proposed policy regarding the settlement of amounts due to repatriated Japanese, submitted by the United States member of the Far Eastern Commission, is circulated herewith for the information of the Commission, and is referred to COMMITTEE NO.1: REPARATIONS for consideration and report.

Proposed Compensation for the Allied Powers  
in Settlement of Japanese Assets  
Secretary General NELSON T. JOHNSON  
Secretary General  
The proposed compensation for repatriation through  
the military depository will be \$100 million dollars per the Allied  
Powers should hold for a period of time. All property was permitted  
to carry into Japan under the direction of the  
Committee No. 1.

1. Repatriation  
Settlement of Japanese assets  
other than  
other debts against the Japanese government and the individuals  
represented should be made out by the Japanese Government for  
such property and funds.  
should provide such Japanese individuals with a receipt for such  
property and funds as the  
should be provided for the  
funds  
FEC-090  
from the  
repatriated, or property and  
Japanese  
settlement point of view  
FEC-090

COPY

ENCLOSURE

THE SETTLEMENT OF AMOUNTS DUE TO REPATRIATED JAPANESE

The general principles governing the settlement of amounts due to repatriated Japanese should be:

a. Property taken from repatriates should be considered Japanese external assets, disposition of which should be determined by Allied reparations decisions; individual Japanese should, however, be permitted to keep:

(1) their property and funds allowed under any applicable convention and the pertinent regulations of the countries from which the Japanese are repatriated;

(2) their personal effects, yen currency up to 1,000 per person, Japanese bank books or postal savings books, and other evidences of title to property physically located in Japan, and such other property as may hereafter be permitted by the Supreme Commander for the Allied Powers directives.

Pending such decisions, each government may be guided by its own policy in the interim handling of the proceeds - for example, using them as a means of providing compensation for repatriates through the machinery described below. The Supreme Commander for the Allied Powers should hold in a special account all property not permitted entry into Japan under his directives, subject to later instructions on disposition.

b. Reparations decisions may provide that property and funds taken from repatriates be credited against Japanese reparations or other claims against the Japanese Government and the individuals repatriated should be reimbursed by the Japanese Government for such property and funds. Therefore, the repatriating authority should provide each individual repatriate with a receipt for such property and funds as are retained. Each repatriating government should also be prepared to provide records of retained property and funds belonging to individuals already repatriated, or property and funds vested from individuals residing in Japan. In case any repatriating power shall desire to assure that reimbursement, in whole

FEC-090

In part, is made in Japan to Japanese repatriated from the territory of such power, or territory under its control, for retained property and funds, such power may make appropriate payments into the Supreme Commander for the Allied Power's account for financing imports and yen countervalue at military exchange rate will be paid by the Japanese Government to such repatriates. Arrangements should be made for holding foreign currency deposits for the Supreme Commander for the Allied Powers credit, preferably in earmarked accounts by the governments concerned pending a formal arrangement for centralizing Japanese import accounts.

c. The regulations and procedures established by the Geneva Convention regarding payments to prisoners of war, officers and protected personnel for labor performed and the usual practice regarding working internees should be observed, allowing repatriates to retain any such amounts.

TELETYPE

From THE CANADIAN AMBASSADOR TO THE UNITED STATES  
To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

CYPHER

TELETYPE

WA-3671

WASHINGTON, October 15th, 1946.

WA-3671. Far Eastern Commission - Reparations Committee.

At meeting held on October 14th, the following papers were discussed:

1. Delivery of reparations goods in Japan (SC-033). The United States representative submitted an amended paper, numbered FEC-094 embodying SCAP's proposed revisions of SC-033.

The Committee materially revised the text, particularly by striking out any reference or suggestion to the way SCAP would charge deliveries against reparations account of claimant countries. It was agreed that questions relating to the basis on which these accounts would be charged should be the subject of a separate paper. FEC-094 as amended was kept on the agenda pending receipt of Soviet instructions.

2. Settlement of amounts due to repatriated Japanese (FEC-090). Soviet raised objection to Committee considering this paper on grounds that the question of external assets of Japan was now being considered on a high diplomatic level. Discussion on this paper was deferred until October 25th.

In connection with this paper, we refer you to our WA-3568 of October 4th, paragraph 2, where we requested your instructions. May we please have your views on this paper before October 25th.

3. Netherlands statement on the restitution of tin looted by the Japanese (FEC-011/19). This long statement from the Netherlands Government was referred to the Looted Property Subcommittee of the Reparations Committee.

## TELETYPE

From THE CANADIAN AMBASSY  
THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

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TELELINE  
WA-3852

1

Propositions Committee.

WA-3859. Far Eastern Committee  
Meeting was held on October 28th and following papers

discussed.

1. Delivery of a paper held over on agenda pending receipt of instructions from Chinese Government. Chinese representative indicated that his Government would propose amendments to paragraphs 2 and 4 with view to clarifying delivery procedure.

## **Steel Rolling Industry and Removals: Regardings**

(FEC-059/20). United States representative submitted new paper numbered FEC-059/25 amending original paper by increasing allowed steel rolling capacity from 2,775,000 tons to 3,000,000 tons. To said paper is appended an enclosure giving a statement of reasons for proposed amendments. United States amendment will be taken

up at next meeting.

3. Restitution of the document to  
& FEC-011/19). The Restitution Sub-Committee, who is now  
considering this paper, is not ready to make a report. It was  
indicated, however, by members of the Sub-Committee that they  
had agreed that the original paper was ambiguous in some of its  
provisions and that amendments of this paper would probably be

4. Settlement of Amounts Due to Repatriated Japanese (FEC-  
CCC) An ad hoc Sub-Committee was appointed to study this paper.  
proposed.

TELETYPE  
THE UNITED STATES  
AMBASSADOR TO THE UNITED STATES, CANADA  
THE CANADIAN AMBASSADOR FOR EXTERNAL AFFAIRS, CANADA  
From THE SECRETARY OF STATE - 2 -  
To THE SECRETARY OF STATE - 2 -  
WASHINGTON,

reference was made in your EX-2687 of October 24th. As the  
Embassy files on the subject of the repatriation of Japanese  
nationals were not yet complete, would appreciate your forwarding complete  
set of pertinent Orders-in-Council and other relevant documents.

CHARGE D'AFFAIRES

Dec'd: 12:20 P.M.

TELETYPE

From THE CANADIAN AMBASSADOR TO THE UNITED STATES  
To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

CYPHER

TELETYPE

WA-3909

WASHINGTON, October 31st, 1946.

WA-3909. Far Eastern Commission.

Ad hoc Sub-Committee of Committee No. 1 appointed to study settlement of amounts due to repatriated Japanese (FEC-090) - reference paragraph 4 of WA-3859 of October 29th, 1946, and your EX-26687 of October 24th. Sub-Committee met on October 30th under Chairmanship of United States representative.

2. Sub-Committee was of opinion that paper, as prepared by United States Government was not acceptable for the following reasons.

- (a) It purports to lay down rules regarding repatriation of civilian and military personnel (both P.O.W. and disarmed) at a time when, according to available estimates, five-sixths of such repatriation have already been effected;
  - (b) It imposes on countries under whose direction past repatriations have taken place the obligation to carry out retroactively elaborate formalities;
  - (c) It fails, even in the tortuous language used, to meet the Soviet determined objections to the raising of "External Assets" in any F.E.C. document.
3. Although doubts exist as to the need of introducing such a paper at this late date, members were of the opinion that a paper on this subject, if introduced at all, should not contain more than:
- (a) A general statement regarding the disposition of the assets of Japanese persons in Allied countries;
  - (b) A directive, to apply to future civilian repatriation

TELETYPE

From THE CANADIAN AMBASSADOR TO THE UNITED STATES  
To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

- 2 -

WASHINGTON.

only, on the subject of the personal property which SCAP will allow Japanese repatriates or deportees to take with them into Japan.  
(c) An explanation of the procedure to be followed for making remittances to Japanese repatriates or deportees subsequent to their arrival in Japan.

4. Roughly, following is what some members of the Subcommittee had in mind by way of a redrafted paper:

(a) Property already taken from Japanese persons (civilians, P.O.W.'s or disarmed military personnel) at the time of their repatriation or deportation to Japan, and property real or movable which was seized from such persons by the responsible country, subsequent to repatriation or deportation, shall, except where such property or the proceeds thereof are to be returned to the repatriate or deportee in Japan, be accounted for to the F.E.C. and shall be disposed of according to the reparations decisions of the F.E.C.;

(b) After the coming into force of this policy, it shall be the responsibility of the country under whose direction Japanese persons are repatriated or deported to advise such persons that, irrespective of what they might have been allowed to take on board ship with them at the time of embarkation, SCAP will seize from them on landing in Japan all personal property in excess of:

(I) Personal effects such as clothing, household furniture and jewelry;

(II) Yen currency not in excess of one-thousand yen, Japanese bank deposits or postal savings books, Japanese securities, and evidence of property in Japan or of obligations of persons in Japan;

*longer than 10 days  
property may not be  
sent home*

TELETYPE

From THE CANADIAN AMBASSADOR TO THE UNITED STATES  
To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

- 3 -

WASHINGTON.

(III) Evidence of property or funds held in the country whence deported or repatriated, issued by the country responsible for their repatriation or deportation.

(c) In cases where repatriating countries desire to assure that reimbursement, in whole or in part, is made in Japan to Japanese repatriated from the territory of such country, or territory under its control, for retained property or funds, such country may make appropriate payments into SCAP's account for financing imports and yen counter value at military exchange rate will be paid by the Japanese Government to such repatriates. Arrangement should be made for holding foreign currency deposits for SCAP's credit, preferable in ear-marked accounts, by the countries concerned pending the formal arrangement for centralizing Japanese imports accounts.

5. A paper drawn up along the lines given in paragraph 4 above will probably be introduced at next week's meeting of Committee No. 1. As the provisions of such a paper would probably depart substantially from the procedure laid down in our note No. 119 of March 30th, 1946, to the Secretary of State and to which he agreed in his note dated April 30th, 1946, we would appreciate your early instructions in connection with this question of the settlement of amounts due to repatriated Japanese.

CHARGE D'AFFAIRES

## TELETYPE MESSAGE

TWO COPIES (ONE SIGNED) OF THIS MESSAGE TO BE DELIVERED TO ROOM 309 — EAST BLOCK

To: THE CANADIAN AMBASSADOR - WASHINGTON

From: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS - OTTAWA

Name of Sender..... J.R. Maynard..... Authority.....  
(Typewritten) (Signature of person authorizing message)

Date Nov. 6/46 Room No. 157 Bldg. East Block Local 2021

CYPHER ( ) OR EN CLAIR ( ) File No.....

PLEASE USE DOUBLE SPACING. THE APPROPRIATE SECURITY OR URGENCY PREFIXES, WHEN REQUIRED BY THE CONTENTS, SHOULD BE TYPED AT THE BEGINNING OF THE MESSAGE.

No. EX 2776

Your WA-3009 of October 31, Far Eastern Commission  
settlement of accounts due to repatriated Japanese.

1. Representatives of interested Departments have now met and discussed this question. It was decided that your representative should strongly oppose any policy which would involve a departure by the Canadian Government from the agreed statement of procedures for carrying out the transfer of the assets in question, as set forth in your note No.119 of March 30 to the Secretary of State and confirmed in his reply of April 5.
2. We believe that with certain minor alterations the re-draft of paper as set forth in paragraph 4 of your teletype under reference will not conflict with arrangements already made. Paragraph A to read as follows: "Property which has been or may be taken from Japanese persons (civilians, POWs or disarmed military personnel) at the time of their repatriation or deportation to Japan, and property real or movable which was seized from such persons by the responsible country, subsequent to repatriation or deportation, shall, except where such property or the proceeds thereof have been or are to be returned to the repatriate or deportee in Japan, by accounted for to the F.E.C. and shall be disposed of according to the reparations decisions of the F.E.C."
3. Paragraph B: no change.

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## TELETYPE MESSAGE

S (ONE SIGNED) OF THIS MESSAGE TO BE DELIVERED TO ROOM 309 — EAST BLOCK

To: THE CANADIAN AMBASSADOR - WASHINGTON

From: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS - OTTAWA

Name of Sender..... (Typewritten) Authority..... (Signature of person authorizing message)

Date..... Room No..... Bldg..... Local.....

CYPHER ( ) OR EN CLAIR ( ) File No.....

PLEASE USE DOUBLE SPACING. THE APPROPRIATE SECURITY OR URGENCY PREFIXES, WHEN REQUIRED BY THE CONTENTS, SHOULD BE TYPED AT THE BEGINNING OF THE MESSAGE.

No. EX.....

- 2 -

4. Paragraph C: after "SCAPIO's account for financing imports and yen counter value", insert, "at the current rate of exchange, or if none exists."

5. We consider that the arrangements which the Canadian Government has already made with the United States Government are entirely included in the exception to the requirements of paragraph A. With regard to paragraph B, the Canadian Government has been fulfilling and will continue to fulfill the conditions laid down. We consider that the procedure suggested in paragraph C, with the minor alteration we have suggested, are in line with the procedure laid down in your note No.119 of March 30.

6. Copies of relevant Orders-in-Council are going forward by bag.

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REPLY TO BE ADDRESSED TO  
THE UNDER-SECRETARY OF STATE  
FOR EXTERNAL AFFAIRS  
OTTAWA

EXTERNAL AFFAIRS  
CANADA

CONFIDENTIAL

OTTAWA, 21st January, 1947.

To: The Deputy Custodian, Department,  
Secretary of State, Department,  
Ottawa, Ontario.

I am enclosing a copy of teletype WA-155 of January 16th from the Canadian Embassy in Washington concerning the work of an ad hoc Sub-Committee of the Far Eastern Commission on the settlement of amounts due to repatriated Japanese.

You will recall that at a meeting held in the Assistant Deputy Custodian's Office early last November, which was attended by representatives of the Department of Labour, and this Custodian's Office, the Department of Labour, and this Department, it was decided that, with a few small amendments, the amended version of the policy paper on this subject contained in paragraph 4 of teletype WA-3909 of October 31st would be reasonably satisfactory. The suggested amendments were sent forward to our representative in Washington in our teletype EX-2776 of November 6th, a copy of which was forwarded to you on November 7th.

You will note from Paragraph 3(c) of the attached teletype that certain objections were raised to the principal amendment proposed by the Canadian representative. It would appear that the amended wording of Paragraph 1 of the proposed policy paper as quoted in Paragraph 4 of the attached teletype is still sufficiently loose to enable the Canadian Government to follow the procedure laid down in our exchange of notes with the State Department last March, without

any difficulty and without loss of time.  
Yours very truly and sincerely,  
John [Signature]

- 2 -

any alterations. If, however, there is any likelihood that transmission of funds to repatriated Japanese may continue over a protracted period, it may be advisable for us to insist that the wording of the proposed policy statement be adjusted so that there will be no possibility that the funds in question will ever be considered as Japanese external assets accountable in the general reparations settlement.

I would appreciate having your views on this matter so that instructions may be forwarded to the Canadian representative on the Far Eastern Commission before the next meeting of the ad hoc Sub-Committee.

*R. H. Macdonald*  
R.H.M.  
Under-Secretary of State  
for External Affairs.

TELETYPE

From THE CANADIAN AMBASSADOR TO THE UNITED STATES

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

CYPHER - TK

TELETYPE

WASHINGTON, January 16th, 1947.

WA-155

WA-155. Your EX-2776 of November 6, 1946 - Far Eastern Commission.

1. The settlement of amounts due to repatriated Japanese (original paper FEC-090). Some time after the meeting of the ad hoc Sub-Committee referred to in our WA-3909, October 21st, 1946, our draft paper incorporating the amendments thereto proposed in your teletype under reference was communicated to Mr. J.E. MacDonald of the State Department, the Chairman of the Sub-Committee.

2. At the second meeting of the Sub-Committee which was held on January 10, 1947, Mr. MacDonald circulated another draft paper which was prepared by the State Department and in which was embodied, according to Mr. MacDonald, the substance of our proposed amendments. Following is the text of this paper:

"Properties and funds heretofore or subsequently taken from Japanese repatriates (whether civilians, prisoners of war or dis-armed personnel), shall be considered Japanese external assets, except where such properties and funds or the proceeds thereof have been or shall be returned to repatriates in Japan. Such external assets shall be reported to the Far Eastern Commission (cf. FEC 072) and shall be disposed of in accordance with reparations decisions. It is contemplated that FEC decisions may provide that property and funds taken from repatriates and not returned be credited against Japanese reparations or other claims against the Japanese Government,

## TELETYPE

*From THE CANADIAN AMBASSADOR TO THE UNITED STATES  
To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA*

12

WASHINGTON,

and accordingly such reports, together with other data, such as receipts issued by the repatriating Government, may be utilized as the basis for compensation by the Japanese Government.

In cases where any repatriating Government shall propose, in view of any applicable Convention or for other reasons, that reimbursement in whole or in part shall be made in Japan to Japanese repatriated from its territory or territory under its control, such Government shall make appropriate payments into SCAP's account for financing imports and yen countervalue at military conversion rate will be paid by the Japanese Government to such renatriates.

Each repatriating Government shall advise repatriates before embarkation of the regulations enforced in Japan regarding amounts and types of property and funds which may lawfully be taken into Japan. Current regulations provide that the Japanese Government will or may seize funds other than yen currency in excess of 1,000 yen, and property other than personal effects (such as clothing, household furniture and jewelry, Japanese bank deposits or postal savings books, Japanese securities, and evidences of property in Japan or of obligations of persons in Japan). All property and funds not permitted entry into Japan and taken from repatriates upon debarkation, will be held by SCAP in special accounts, subject to later instructions on disposition."

3. The Sub-Committee raised objections to the wording of paragraph 1 on the grounds that:

(a) It contained the words "external assets" which are anathema to the Soviet;

TELETYPE

From THE CANADIAN AMBASSADOR TO THE UNITED STATES  
To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

- 3 -  
WASHINGTON,

(b) It improperly refers in the last sentence of paragraph 1 to a policy as being "contemplated" before any such policy was introduced in the Far Eastern Commission;

(c) The words "shall be returned" in the first sentence of paragraph 1 offered to countries which are not over-scrupulous the opportunity to claim that they held no such Japanese external assets on the grounds that it was their intention to return them to Japanese repatriates at some undetermined future date.

4. After some considerable discussion, it was agreed that the following amended wording of paragraph 1 should be circulated to the members of the Sub-Committee for consideration by their respective Governments:

"Properties and funds which up to the moment of effective dispossession have been owned legitimately by Japanese repatriates (whether civilians, prisoners of war or disarmed personnel), shall be accounted for to the FEC and disposed of in accordance with policy decisions of that Commission. However, when such properties and funds or the proceeds thereof have been remitted to repatriates in Japan, the remitting Government will notify the FEC and such assets will not be subject to disposal by that Commission."

At the request of your representative, paragraph 2 of the paper was also amended by inserting after the words "yen countervalue" the words "at the rate of exchange or, if none exists".

5. Having regard to Canada's special concern in the return of assets to Japanese repatriates, two points raised in the Sub-Committee are of particular interest.

TELETYPE

From THE CANADIAN AMBASSADOR TO THE UNITED STATES  
To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

WASHINGTON,

- 4 -

- (a) An academic one, raised by the Chinese representative - he argued that the return to Japanese repatriates of assets which otherwise would have been considered by the country effecting such return as Japanese external assets was tantamount, in theory, to a unilateral disposal of a part, be it ever so small, of the pool of assets available for reparations.
- (b) A procedural one, raised by the United Kingdom representative - he maintained that the last two paragraphs of this paper did not belong to a reparations policy paper but should be the subject of a separate economic and financial policy paper to be introduced in Committee No. 2.
6. It is not expected that another Sub-Committee meeting on this subject will be called for another two or three weeks but your instructions in this connection will be appreciated before such a meeting is called.

CANADIAN AMBASSADOR

Rec'd 10:18 a.m.

Victoria Bldg., 7 O'Connor St.,  
Ottawa, Ontario  
January 26, 1947

J-101.

To: The Under-Secretary of State for External Affairs  
Ottawa

RE: Assets of Japanese Repatriates

Attention: Mr. H. Macdonell

We have for acknowledgement your communication of 21st instant, enclosing copy of Teletype WA-155 of January 16th from the Canadian Embassy in Washington relative to assets left in Canada by repatriated Japanese.

We agree that the amended wording will permit the Canadian Government to carry out the transfer of funds, under Custodian control, which belong to repatriates.

Reports received from our Office in Vancouver a short time ago indicated that the sum of \$966,162.12, to the credit of Japanese Repatriates, had been paid over to the Treasury for transfer to the U.S. Government for realization of the yen equivalent to Japan.

A further report has just been received, indicating that the assets transferred to the Custodian by the last group which returned to Japan have been converted into cash and the balance at credit total \$33,735.50. Of the above amount it will be necessary for the Custodian to retain approximately \$9,700.00 to take care of established claims.

I have also been informed by the Director of our Vancouver Office that the above balances will be transferred to the Treasury in the course of the next week.

This detailed review is furnished in order that you may know that the work assigned to the Custodian herein is nearing completion. I understand that the Government plans to resettle persons of the Japanese Race who desire to return to Japan in the near future. No information is available as to the number who may wish to be sent back, but we are inclined to believe that they will not leave many Canadian assets which would come under Custodian control.

A. H. Matteson  
Assistant Deputy Custodian

KW/JP

FEC-RESTRICTED

FEC-288

19 January 1948

FEC-288

FAR EASTERN COMMISSION

DEFINITION OF JAPANESE OCCUPATION COSTS AND THE PRIORITY  
TO BE ACCORDED THEIR REPAYMENT

(References: SC-030, /1)

Note by the Secretary General

The enclosure, a proposed policy regarding the definition of Japanese occupation costs and the priority to be accorded their repayment, submitted by the United States delegation, is circulated herewith for the information of the Far Eastern Commission and is referred to COMMITTEE NO. 1: REPARATIONS for consideration.

NELSON T. JOHNSON  
Secretary General

FEC-288

ENCLOSURE

DEFINITION OF JAPANESE OCCUPATION COSTS AND THE PRIORITY  
TO BE ACCORDED THEIR REPAYMENT

1. Occupation costs should be defined as costs incurred after 2 September 1945 by the Allied Powers as follows:
    - a. dollar or non-yen advances on imports into Japan to prevent disease and unrest and to accomplish the purposes of the occupation;
    - b. dollar or non-yen expenditures for maintenance and repatriation of civilians and Japanese military personnel including expenses incurred in returning Japanese nationals to Japan, removal of foreign nationals from Japan and transfer from points outside Japan of persons displaced by Japanese aggression.
  2. Claims for dollar or non-yen advances on imports into Japan to prevent disease and unrest and to accomplish the purposes of the occupation should be a first priority charge against the following types of assets after payment of legal obligations against such assets incurred in connection with financing approved imports:
    - a. Proceeds of Japanese exports, and
    - b. Japanese external assets (including foreign paper currencies and monetary coinage, and other evidences of ownership found in Japan of such assets) in all territories of countries not at war with Japan, excepting those financing approved imports:
  - (1) in territories liberated from Japanese control and reverting to a previous sovereignty;
  - (2) in areas formerly held or dominated by Japan, but now occupied by Allied forces;
  - (3) in Siam.
2. Liquid assets of clearly established Japanese ownership located within the four main islands of Japan (but not such assets as are eligible for restitution or which are required for minimum essential needs of the Japanese economy) consisting of:
- (1) Gold, silver, platinum, other precious metals and precious stones eligible for impounding or blocking under the terms of FEC-O15 (Basic Initial Post-Surrender Directive to Supreme Commander for the Allied Powers for the Occupation and Control of Japan).
  - (2) Other stock of precious metals, including monetary stocks, and other stocks of precious stones.
  - (3) Non-Japanese currencies.
  - (4) Precious Metals and precious stones produced during the occupation.

FEC-RESTRICTED

3. Claims for expenditures and costs defined in 1, b,  
should be a second priority charge, following full satisfaction  
of the first priority charge, against assets listed in 2, a,  
b and c.

4. Subject to prior and completed defraying of the occupa-  
tion costs specified in 1 above, in the order specified in 3,  
out of the assets specified in 2 above, FEC countries may re-  
ceive from residual values, if any, of assets in 2, c compensa-  
tion on reparations account in accordance with their recognized  
percentage shares of industrial assets available for removal  
from Japan as reparations.

FEC-RESTRICTED

FEC-288/2

29 January 1948

FEC-288/2

FAR EASTERN COMMISSION

DEFINITION OF JAPANESE OCCUPATION COSTS AND THE PRIORITY  
TO BE ACCORDED THEIR REPAYMENT  
(References: FEC-288; SC-030, /1)

Note by the Secretary General

The enclosure, statements of the United Kingdom and United States Representatives relative to the definition of Japanese occupation costs and the priority to be accorded their repayment (FEC-288) which were submitted at the eighty-ninth meeting of the Far Eastern Commission on 29 January 1948, is referred to COMMITTEE NO. 1: REPARATIONS for consideration in connection with FEC-288.

NELSON T. JOHNSON  
Secretary General

FEC-288/2

ENCLOSURE

DEFINITION OF JAPANESE OCCUPATION COSTS AND THE PRIORITY  
TO BE ACCORDED THEIR REPAYMENT

A. United Kingdom Statement

I have made a preliminary study of the document circulated as FEC-288 (Definition of Japanese Occupation Costs and the Priority to be accorded their Repayment), and wish to make a comment on paragraph 2 (c) which seems to be at variance with the policy decision taken in FEC-032/26.

You will recall, Mr. Chairman, that in paragraph 16 (c) of FEC 032/26 there is a provision that stocks of gold, silver, other precious metals, precious stones and jewels of clearly established Japanese ownership ultimately should be disposed of as reparations. This, in our opinion, is a controlling phrase.

At the time the policy was passed you stated for record in the minutes that the understanding of your Government was that the disposition as reparations of stocks of gold, silver, etc. referred to in paragraph 16 (c) should be in accordance with the following provision of FEC-014/9 Basic Post-Surrender Policy for Japan:-

"The reparations shall be in such a form as would not endanger the fulfilment of the programme of demilitarization of Japan and which would not prejudice the defraying of the cost of the occupation and the maintenance of a minimum civilian standard of living."

It is however the view of my Government that paragraph 16 of FEC-032/26 - a policy of a date later than the Basic Post-Surrender Policy - must be read as a special application of FEC-014/9 Part IV (4) and that since the two documents are on the same basis, being both records of agreement by the Far Eastern Commission, the decision in paragraph 16 must be assumed to have been taken by the Far Eastern Commission with Part IV (4) in mind and on the basis that the allocation of this gold to reparations did not in fact prejudice the question of meeting the costs of occupation.

A somewhat similar example is found in the taking of surplus Japanese industrial equipment as reparations and in regard to which there is agreement that this does not in fact prejudice the payment of occupation costs.

The object of drawing attention to this point in the Commission is to ensure that the working committee shall have as much basic material, from the beginning of their deliberations, as is available.

B. United States Statement

I wish to thank you, Mr. Graves, for drawing attention to the importance of the policy proposals contained in FEC-288 which will now be discussed in detail by the Reparations Committee. I would like to make this comment, however, on your statement. The United States Government approved paragraph 16.c. of FEC-032/25 on the understanding that the disposition of gold, silver, etc., as reparations should be in accordance with FEC-014/9, which is the Far Eastern Commission's Basic Post-Surrender Policy for Japan. Since that is the Basic Policy of the Far Eastern Commission, we consider its terms to be controlling unless amended.

TELETYPE

From THE CANADIAN AMBASSADOR TO THE UNITED STATES

To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

CYPHER & TX

WA-328

WASHINGTON, January 29th, 1946.

WA-328. My WA-259 of January 23rd. Far Eastern Commission.  
Definition of occupation costs (FEC-288).

Following is text of the British statement which was made at this morning's meeting of the full Commission.

"I have made a preliminary study of the document circulated as FEC-288 (definition of Japanese occupation costs and the priority to be accorded their repayment), and wish to make a comment on paragraph 2 (c) which seems to be at variance with the policy decision taken in FEC-032/26.

You will recall, Mr. Chairman, that in paragraph 16 (e) of FEC-032/26 there is a provision that stocks of gold, silver, other precious metals, precious stones and jewels of clearly established Japanese ownership ultimately should be disposed of as reparations. This, in our opinion, is a controlling phrase.

At the time the policy was passed you stated for record in the minutes that the understanding of your Government was that the disposition as reparations of stocks of gold, silver, etc. referred to in paragraph 16 (e) should be in accordance with the following provision of FEC-014/9 basic post-surrender policy for Japan:-

'The reparations shall be in such a form as would not endanger the fulfillment of the programme of demilitarization of Japan and which would not prejudice the defraying of the cost of the occupation and the maintenance of a minimum civilian standard of living.'

It is however the view of my Government that paragraph 16 of FEC-032/26 - a policy of a date later than the basic post-surrender policy - must be read as a special application of FEC-014/9

TELETYPE

THE CANADIAN AMBASSADOR TO THE UNITED STATES  
To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

- 2 -

WASHINGTON,

part IV (4) and that since the two documents are on the same basis, being both records of agreement by the Far Eastern Commission, the decision in paragraph 16 must be assumed to have been taken by the Far Eastern Commission with Part IV (4) in mind and on the basis that the allocation of this gold to reparations did not in fact prejudice the question of meeting the costs of occupation.

A somewhat similar example is found in the taking of surplus Japanese industrial equipment as reparations and in regard to which there is agreement that this does not in fact prejudice the payment of occupation costs.

The object of drawing attention to this point in the Commission is to ensure that the Working Committee shall have as much basic material, from the beginning of their deliberations, as is available."

2. Following is text of the United States reply:

"I wish to thank you, Mr. Graves, for drawing attention to the importance of the policy proposals contained in FEC-288 which will now be discussed in detail by the Reparations Committee. I would like to make this comment, however, on your statement. The United States Government approved paragraph 16 (e) of FEC-032/25 on the understanding that the disposition of gold, silver, etc., as reparations should be in accordance with FEC-014/9, which is the Far Eastern Commission's basic post-surrender policy for Japan. Since that is the basic policy of the Far Eastern Commission, we consider its terms to be controlling unless amended."

CANADIAN AMBASSADOR

COPY NO. 12

FEC-294

FEC-CONFIDENTIAL

FEC-294

5 February 1948

FAR EASTERN COMMISSION

SETTLEMENT OF AMOUNTS DUE REPATRIATED JAPANESE

Moto by the Secretary General

1. The enclosure, a proposed policy relative to the Settlement of Amounts Due Repatriated Japanese, submitted by the United States delegation on 5 February 1948, is circulated herewith for the consideration of the Far Eastern Commission and is referred to COMMITTEE NO. 1: PREPARATIONS.

2. The attention of all concerned is invited to the classification of this document which prohibits the dissemination of the information contained therein to unauthorized persons or to the press.

NELSON T. JOHNSON  
Secretary General

FEC-294

~~FEC-CONFIDENTIAL~~

ENCLOSURE

DUE REPATRIATED JAPANESE

## SETTLEMENT OF CONVENTIONS

## TELETYPE MESSAGE

TWO CC'S (ONE SIGNED) OF THIS MESSAGE TO BE DELIVERED TO ROOM 309 - EAST BLOCK

To: THE CANADIAN AMBASSADOR - WASHINGTON

From: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS - OTTAWA

Name of Sender..... D.B. WILLSON/NCK Authority..... (Signature of person authorizing message)

(Typewritten)

Date... 20.2.48 Room No. 137 Bldg. East Block Local 7355

CYPHER ( X ) or EN CLAIR ( ) File No. 8361-C-140C

PLEASE USE DOUBLE SPACING. THE APPROPRIATE SECURITY OR URGENCY PREFIXES, WHEN REQUIRED BY THE CONTENTS, SHOULD BE TYPED AT THE BEGINNING OF THE MESSAGE.

No. EX. 481

Your WA-259 of January 23, WA-326 of January 29, and WA-470

of February 12. Far Eastern Commission. Definition of occupation

costs (FEC-288).

1. This subject is one of considerable importance requiring careful consideration by the Commission. It is one in which Canada is not vitally concerned from the point of view of occupation costs. However, as a decision will affect the amount of reparations receivable by Canada, we will require to consult other interested Government departments and secure Ministerial approval before an instruction can be sent you. In the meantime we hope your representative can refrain from taking a prominent part in the discussions in the Reparations Committee, except for reserving our position.

2. We sympathize with the motives which prompted the United States member to submit FEC-288 in its present form. We also appreciate the position taken by the United Kingdom member, namely, that the pool of Japan's liquid assets represents about the only worthwhile source from which the United Kingdom and other countries can hope to get reparations for their own use. At the official level we cannot <sup>or</sup> ~~be~~ authorized to support a policy which would, in effect, eliminate our hopes of gaining say 1½% of the value of the assets in 2 (c) without first obtaining Ministerial approval, since this might amount to as much as \$2,000,000. However, we are under the impression that the United States member would not support the paper in any but its present form. Accordingly, we are reluctant to take

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From: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS - OTTAWA

Authority ..... (Signature of person authorizing message)

Name of Sender.....	(Typewritten)	Room No.....	Bldg.....	Local.....
Date.....		File No.....		
CYPHER ( ) OR EN CLAIR ( )				

PLEASE USE DOUBLE SPACING. THE APPROPRIATE SECURITY OR URGENCY PREFIXES, WHEN REQUIRED BY THE CONTENTS, SHOULD BE TYPED AT THE BEGINNING OF THE MESSAGE.

No. EX.....

\* 2 \*

a firm stand at the present time on the questions involved in FIC-288/2, and would be glad to learn the views of the other Members of the Commission on this subject.

3. We would also be glad to have the benefit of your opinions on the uses to which the United States might wish to put the assets which it would receive under paragraph 2 if the present paper were to be adopted. We have in mind the fact that at present about \$137,000,000 (U.S.) worth of Japan's liquid assets are being used in the Import-Export Revolving Fund. While this Fund is at present financing self-liquidating imports and would presumably have to continue to operate for some time to come, we feel that the exclusive control by the United States over the Fund (and over the remaining liquid Japanese assets) might be used to the advantage of the United States trade at the expense of those other countries which are now exporting to Japan with the aid of the Revolving Fund.

Some of the latter, like the United Kingdom, might find it difficult to export to Japan without the assistance of such a Fund.

TELETYPE

From THE CANADIAN AMBASSADOR TO THE UNITED STATES  
To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

SECRET  
CYPHER - TK  
WA-628

WA-628. Your EX-459 of February 18th. F.E.C. settlement

of amounts due to repatriated Japanese.

We have informed the United States representative on the relevant Sub-Committee of our views as outlined in your teletype, and it is expected that a meeting of the Sub-Committee will be held in the fairly near future.

2. With reference to the last paragraph of your teletype, we have heard that the question of the exchange rate in Japanese is now under discussion by the United States authorities. According to this story, the War Department have suggested a readjustment of 75 yen to the dollar, but this is being resisted by the Treasury, and a lower compromise figure may result. This story is completely unofficial and we cannot vouch for its reliability. It is merely being passed on to you for your information.

CANADIAN AMBASSADOR

Rec'd. 2:00 p.m.

TELETYPE

From THE CANADIAN AMBASSADOR TO THE UNITED STATES  
To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

WASHINGTON, February 24, 1948.

CYPHER - TK

WA-572

WA-572. Far Eastern Commission. Settlement of amounts due repatriated Japanese (FEC-294). This paper is the long promised United States proposal on this question, and was placed on the agenda of the last meeting of the Reparations Committee. There was no discussion aside from a statement by the Soviet member that in his personal view this subject is outside the jurisdiction of the Far Eastern Commission. I doubt, however, whether he really takes this position very seriously, or will maintain it after further consideration.

2. Your instructions on this United States proposal would be appreciated.

CANADIAN AMBASSADOR

RECEIVED	
FEB 28 1948	
PASS TO: *****	TRANSFER TO: *****
EXTERNAL AFFAIRS	ARMED FORCES
CANADA	FILE
Ottawa, February 25, 1948	

*Vic*

REPLY TO BE ADDRESSED TO:  
THE UNDER-SECRETARY OF STATE  
FOR EXTERNAL AFFAIRS  
OTTAWA

DEPARTMENT OF  


EXTERIOR AFFAIRS  
CANADA  
OTTAWA

Definition of Japanese Occupation Costs

I refer to Far Eastern Commission Documents  
FEC-288 of January 19, 1948, FEC-288/2 of January 29,  
1948, and to teletype WA-328 of January 29, concerning  
the definition of Japanese occupation costs. These were  
all forwarded to you about the end of January.

On February 20 we sent off teletype EX-481 to our  
representative in Washington, instructing him to reserve  
our position on this paper. A copy of that telegram is  
enclosed for your information.

You will note in paragraph 2 of the enclosure some  
of the problems which we face in formulating instructions  
to our representative. If we support the paper in its  
present form, we would certainly not get any share of  
Japan's liquid assets held by SCAP. Moreover, as part  
of the same assets are now being used by the Export-Import  
Revolving Fund, the adoption of the present paper would raise  
problems of financing trade between Japan and those countries  
which are at present suffering from dollar shortages. On  
the other hand, the U.S. Delegation appears to be intent  
upon gaining control of those liquid assets, and would be  
very likely to oppose any modification of the present  
paper, FEC-288.

However, as we will soon be called upon to issue  
definite instructions to our representative in Washington,  
we would be glad if you could let us have, at your earliest  
convenience ... 2/

The Assistant Deputy Custodian,  
Department of the Secretary of State,  
OTTAWA.

- 2 -

convenience, any comment you might care to make on  
FEC-288, or any observations you may have on the position  
you think our representative should adopt in the Far  
Eastern Commission.

Yours sincerely,

*Howard M. Johnson*  
*francis*  
Under-Secretary of State  
for External Affairs.

# TELETYPE MESSAGE

TWO COPIES (ONE SIGNED) OF THIS MESSAGE TO BE DELIVERED TO ROOM 309 — EAST BLOCK

To: THE CANADIAN AMBASSADOR - WASHINGTON

From: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS - OTTAWA

Name of Sender D.B.WILSON/MCK	(Typewritten) Authority 739
Date 28.2.46	Room No. 137
CYpher ( <input checked="" type="checkbox"/> ) OR EN CLAIR ( )	Bldg. East Block
No. EX 538	Local File No.

PLEASE USE DOUBLE SPACING. THE APPROPRIATE SECURITY OR URGENCY PREFIXES, WHEN REQUIRED BY THE CONTENTS, SHOULD BE TYPED AT THE BEGINNING OF THE MESSAGE.

Your WA-372 of February 24, 1946. For Eastern Commission.

Settlement of amounts due repatriated Japanese (FEC-294).

1. Reference is made to our previous correspondence on this subject, beginning with FEC-090 of October 2, 1946, and continuing in teletypes: WA-3671 of October 15, 1946; WA-3909 of October 31, 1946; EX-2776 of November 6, 1946; WA-155 of January 16, 1947; and EX-459 of February 18, 1947. According to our information on page I-Q-1 of FEC-225/8, FEC-090 was deferred on November 4, 1946, pending U.S. proposals. We presume that the present paper FEC-294 is intended to carry on from the point reached in the discussions of the ad hoc Sub-Committee about a year ago.

2. In view of the interests of certain other Government Departments which are involved in this matter, we are seeking their opinions on FEC-294. In any discussions which may take place on this paper before we are able to send you instructions, we would wish our position to be reserved.

3. In the meantime, however, we wish to make a few observations for your personal information. The Canadian Government policy on the settlement of amounts due repatriated Japanese continues to be governed by the agreement reached with the U.S. Government on March 28, 1946, which was embodied in the statement of procedures for carrying out the transfer of assets

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THE CANADIAN AMBASSADOR - WASHINGTON

To: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS - OTTAWA

From: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS

Authority ..... (Signature of person authorizing message)

Name of Sender..... (Typewritten)

Room No..... Bldg..... File No..... Local.....

Date..... File No..... WHEN  
CYFHER ( ) OR EN CLAIR ( ) APPROPRIATE SECURITY OR URGENCY PREFIXES, WHEN

PLEASE USE DOUBLE SPACING. THE APPROPRIATE SECURITY OR URGENCY PREFIXES, WHEN

THE BEGINNING OF THE MESSAGE.

PLEASE USE DOUBLE SPACING. THE APPROPRIATE SECURITY OR URGENCY PREFIXES, WHEN  
REQUIRED BY THE CONTENTS, SHOULD BE TYPED AT THE BEGINNING OF THE MESSAGE.

- 2 -

No. EX.....

In question, as set out in your Note No. 119 of March 30, 1946.  
we are pleased that FEC-29 has dropped all earlier references  
to Japanese external assets, and FEC jurisdiction over them. We  
are not likely to agree to any policy which have been or may in  
accordance to the FEC for any assets which have been or may in  
future be remitted to Japan in accordance with the  
agreement of March 1946 mentioned above. We will probably insist  
that any such assets as remain to be remitted to Japanese  
repatriates will not repeat not be subject to disposition by  
the FEC.

b. As you know the Government has appointed a Commission  
to enquire into the claims of persons of Japanese origin resident  
in Canada in respect to alleged disparities between the amounts  
realized through sales of properties by the Custodian and the  
valuation placed on them by their former owners. Under the terms  
of P.C. 1810, of July 18, 1947, this enquiry is not applicable  
to claims of persons of Japanese origin not in Canada at the time  
the order was passed. The relevant section of P.C. 1810 reads  
in part as follows:

"The Committee ... advise:  
1. That a Commissioner be appointed to enquire into claims  
of persons of the Japanese race who are resident in  
Canada at the date of this Order. namely -  
(a) that by reason of the failure of the Custodian to  
exercise reasonable care in the disposition of the real

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Name of Sender	Authority .....	(Signature of person authorizing message)
Date.....	Room No.....	Bldg.....
CYPHER ( ) OR EN CLAIR ( )	Local.....	
No. EX.....	File No.....	

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\* \* \*

and personal property vested in the Custodian pursuant to the above mentioned Orders, the amount received by the Custodian for such property was less than the market value thereof at the time of such disposition; and

\*\*\*"

5. With reference to para. 3 of FIC-294, your Note No. 119 of March 30, 1946, covers the regulations to which we agreed regarding amounts and types of property and funds which may lawfully be taken into Japan. Our understanding of the last line of para. 3 would probably be that the disposition of any property or funds taken by SCAP from Japanese repatriates from Canada and held by SCAP in special accounts would be subject to instructions issued by us and not by the PEC.

6. We are not likely to object to para. 2 of FIC-294.

7. We are not likely to wish to support any policy on this subject which will have a retroactive effect upon coming into force. We would be glad if your representative could approach the appropriate United States Government authorities with a view to ascertaining the interpretation which they place upon paragraph 1 of FIC-294. In particular we would like to know how the implementation of this paragraph would affect the arrangements which were worked out in the Exchange of Notes mentioned in paragraph 3 above. For example, paragraph 1 reads in part as follows: "A government which has permitted the proceeds of the disposition of property \*\*\* should arrange to credit SCAP's account \*\*\*". Under the wording of paragraph 1 it would

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From: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS - OTTAWA

Name of Sender ..... Authority ..... (Signature of person authorizing message)

Date ..... Room No. ..... Bldg. ..... Local ..... (Signature of person authorizing message)

CYPER  OR EN CLAIR  File No. ....

PLEASE USE DOUBLE SPACING. THE APPROPRIATE SECURITY OR URGENCY PREFIXES, WHEN REQUIRED BY THE CONTENTS, SHOULD BE TYPED AT THE BEGINNING OF THE MESSAGE.

No. EX. .... \* 4 \* ....

appear to cover all remittances of funds, etc. to Japan which have taken place over the past two years and any such interpretation would be wholly unacceptable to us.

Q. For your further information there will be no further repatriation to Japan of the persons of Japanese origin at the Canadian Government's expense under the provisions of P.C. 7355 of December 15, 1945. Any further movement of such persons from Canada will be on individual initiative and at the expense of the persons going to Japan.

RECEIVED	
RECEIVED CUSTODIAN OF THE CUSTODIAN	
MAR 9 1948	
PASSE TO.....	
TRANSFER TO.....	
ANY DAY / FILE	
EXTERIOR AFFAIRS	
CANADA	
REPLY TO BE ADDRESSED TO: THE UNDER-SECRETARY OF STATE FOR EXTERNAL AFFAIRS OTTAWA	
OTTAWA, March 1, 1948.	

The Assistant Deputy Custodian of Enemy Property.

Settlement of Amounts due Repatriated Japanese.

As you may recall, it is over a year now since this subject was last discussed by the Far Eastern Commission. At that time the proposed policy paper, FEC-090, was deferred as a result of the Soviet member's opposition to the references contained in that paper to the properties and funds of repatriated Japanese as representing Japanese external assets.

This matter has now been revived in the Commission, and I refer you to Teletype WA-572 of February 24th, which was referred to you on February 26th, and to document FEC-294 of February 5th, a copy of which is enclosed. This is the latest United States proposal concerning the settlement of amounts due to repatriated Japanese.

I also enclose, for your information, a copy of our Teletype EX-538 of February 28th, instructing our representative on the Far Eastern Commission to reserve our position on this paper while we ascertain the views of your Department on this subject.

As we will probably be called upon in the near future to issue definite instructions to our representative on the Far Eastern Commission, I would be glad if you could let me have, at your earliest convenience, any comments you may wish to make on FEC-294.

*David L. Maxwell*  
for the Under-Secretary of State  
for External Affairs.

Victoria Bldg., 7 O'Connor St.,  
Ottawa, Ontario  
March 15, 1948

12 F.E.C.

TO: The Under-Secretary of State for External Affairs,  
Ottawa

RE: Settlement of amounts due Repatriated Japanese

I refer to the Memorandum from the Under-Secretary of State for External Affairs to the Assistant Deputy Custodian, dated March 1, 1948, and the request therein for comments on FEC-294.

At a meeting which Mr. R. A. Hutchon and the writer had with your Mr. D. B. Wilson on the 11th instant, it was suggested that the proposed policy as set out in FEC-294 should be amended to provide for the exclusion of countries having agreements such as Canada has, insofar as past remittances are concerned. Insofar as future remittances are concerned, the issue does not appear to be important as the only remaining assets are those listed below, and they have an estimated value of less than \$12,000.00.

Remaining Assets

<u>File No.</u>	<u>Name</u>	<u>Description</u>
4851	MINATO, Kinosuke	Refunds of savings portion of income tax to be collected for the years 1942, 1943 and 1944 \$3,148.49
6054	KIDO, Hideo	Proceeds of 20 shares Royston Lumber Company Limited 5,000.00
X1882	SHIKAZU, Kaichi	Proceeds of 100 shares Japan & Canada Trust Savings Company 1,500.00
6600	HAYASHI, Tora	6276 shares Riverdale Lumber Co. Ltd. (being liquidated by Hamilton, Read & Paterson) 4%
11902	SUMITA, Mikichi	9 Bonds Japanese Government 4% 1910 @ Pcs 500 each 4,500 Pcs.
13052	NISHIDERA, Shinpachi	1 Bond - Japanese Government \$1,000.00
7331	NAKAMURA, Masako	220 Bonds Japanese Government 110,000 Pcs.
12172	NAKATA, Ume	@ Pcs 500 each 1,305 Yen
12846	TANAKU, Orito	Japanese money Seattle Deposit Cert. Sumitomo Bank of Seattle 1,386.50 Yen
X1479	KOBAYASHI, Kazuo	Fully paid non-participating endowment Sun Life Assurance Co. policy on his wife (In Japan) payable to her on Oct. 29, 1959, or to him if wife dies before that date \$ 380.00
1398	FUKUHARA, Takakazu	1000 shares Danwell Mines Ltd. (Cat #728) Dwelling & Furniture at Port Essington, Estimated value \$ 270.00
11849	KOBAYASHI, Chiyono	(Cat #740) Restaurant & Furniture at Port Essington, Estimated value \$ 650.00 Commission on renewal premiums Sun Life Policies. Value unknown

Definition of Japanese Occupation Costs

In reference to the Memorandum from the Under-Secretary of State for External Affairs to the Assistant Deputy Custodian, dated February 25th, 1948, no comments are being made on FEC-288.

K. W. WRIGHT  
COUNSEL TO THE CUSTODIAN  
KWW/JF