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the Far Eastern Commission, it has been possible in our drafting of guidance material to indicate in a tentative way some of the policies which are likely to be acceptable to the Canadian Government. I have summarized below the main principles of these tentative policies on some of the more important issues.

- (1) Procedure - Full support of the United States proposal for an eleven power Japanese peace conference to include all the member nations of the Far Eastern Commission with decisions to be taken on a two-thirds majority vote.
- (2) Territorial Adjustments - Confirmation of such territorial transfers as are projected in the Cairo Declaration, the Yalta Agreement, and the Potsdam Declaration; possible extension of the United States Trusteeship Agreement for the former Japanese mandated islands to cover other minor Japanese islands not assigned in the above-mentioned agreements.
- (3) Military Requirements - Completion of the demilitarization of Japan with such exceptions as are necessary to permit Japan to maintain a viable economy and maintain internal order.
- (4) Economic Demilitarization and Long Term Economic Control - The completion and implementation of the programme for economic demilitarization of Japan now under consideration by the Far Eastern Commission, and such long term economic controls as are necessary to prevent Japan from rebuilding her industrial war potential. Economic demilitarization and long term economic controls should not be so severe as to prevent the economic recovery of Japan. (The reduction of Canada's market in Japan for strategic raw materials, such as aluminum and nickel, will have to be accepted, but Canada should take care to ensure that restrictions on industries which require these metals should not be in excess of security requirements.)
- (5) International Trade - The early restoration of normal trading conditions in Japan consistent with security requirements.
- (6) Fishing - Restrictions on Japanese fishing activities sufficient to protect the interests of Canadian fisheries.
- (7) Reparations - The balancing of considerations of justice and security with the requirements of a viable economy in Japan; therefore no reparations payments out of current Japanese production.

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