countries naturally cannot afford to purchase costly articles. The Japanese export offers just what is wanted by them.

By means of exporting to Japan their primary products for her industry and importing from Japan her manufactured goods, the Asian countries will be in a position to obtain their needed articles at a cost lower than what they would have to pay elsewhere, besides reaping the benefit of the lowest of freight charges.

A typical instance of such mutual advantages may be seen in such cases as those wherein the Asian countries export their iron ore and coal to Japan and import from her the capital goods manufactured from such ore and coal.

Besides, there are even some materials in the Asiatic area (for instance, the iron ore of Malaya), which are not marketable elsewhere but derive their value only from the demand in Japan to which they can be shipped at a low freight rate.

This positive advantage for the Asian countries in trading with Japan is not one-sided, but has its counterpart advantage for Japan as well. As indicated by the recent instance of the import of Kailung coal from China at slightly over $11.00 as against over $23.00 paid for U.S. coal, the geographical proximity means low cost of transportation making the Asian countries the most advantageous supply sources of raw materials and foodstuffs for this country (See Table No. 5).

II. ECONOMIC DEVELOPMENT OF ASIAN COUNTRIES AND INDUSTRIAL POWER OF JAPAN

1. Economic Development of Asian Countries

The phrase "Asiatic economy" is often taken as synonymous with backward or colonial economy. It is because Asia lives largely on agriculture, supported by a few primitive industries. As compared with 6 per cent in Britain and 17 per cent in the U.S., the percentages of agricultural population in the Asian countries stand far above them, amounting to 60.7 per cent even in Malaya where the rate is the lowest in Asia. But in proportion to this large agricultural population the cultivated area is extremely limited, indicating a highly intensive application of labor in farming.

The density of population per square kilometer of cultivated land is impressively high, which even in Burma, the most sparsely populated country, stands at 240, as against 88 in the United States and 76 in the Soviet Union. (Cultivated area in Burma per capita of agricultural population is 0.014 square kilometer.)

A highly intensive use of labor is mainly relied upon in the Asia agriculture with little or no scientific technique or capital. The natural result is that per capita returns of labor is extremely low. It is reported that on the average a Chinese farmer produces only 1.4 metric tons of cereals a year, which amounts to only 1/14 of the per capita output of American farmers. As an inevitable result of the low productivity and the intensive employment of labor, the staple produce of the area is not allowed on the world market an adequate margin or profit.

As already stated, there is no modern industry worthy of the name in the area, except in India and China. While the Asian countries are rich in mineral resources, such as tin, iron ore, copper, tungsten, antimony, gold, silver, lead, zinc, manganese, coal, petroleum, graphite, mica, salt, etc. (See Table No. 4), their development is slow and still lags on a primitive level.

With such poor productivity of agricultural labor and with the manufacturing and mining industries undeveloped, it is no wonder that the national incomes as well as the standards of living in the Asian countries are held down to low levels.

The Asian area holds over 1,090,000,000 people, about half the world population (44.7 per cent). The tremendous size of the population, or 44.7 per cent of the world's total population, means a large potential demand for goods. However, the actual volume of trade of this area represented only 13.4 per cent of the world's trade in 1937. In 1948, owing to the ravages of war and post-war political confusion, it shrank to 4.7 per cent in exports and 6.8 per cent in imports.

If the economies of the Asian countries are to achieve self-support, and the living standards of the 1,000,000,000 people are to be improved, these countries must be industrialized; the agricultural and mineral resources developed, and the productivity of labor raised.

2. Key Points of Asian Economic Development

a. Industrialization

We have already seen that the economic activities of the Asian countries are highly concentrated on agricultural pursuits; that in order to increase their national incomes or to raise the living standards they must develop manufacturing industry; and that for the present only India and China have modern industry but other countries have scarcely any.

The Working Party on Industrial Development of the United Nations Economic Commission for Asia and the Far East reported in November, 1948, on the proposed industrialization of the Asian countries, estimating the total costs required for implementing the plans of the respective Government as shown below. The figures indicate where the emphasis of the proposed industrialization is placed and the enormous amount of the capital goods that will have to be obtained from abroad.

Description	Total Requirement	Requirement for Foreign Capital
Transportation	$ 5,230,000,000	$3,038,000,000
Electricity	1,820,000,000	1,214,000,000
Textile Industry	1,085,000,000	482,000,000
Fertilizer Industry	934,000,000	570,000,000
Iron and Steel	665,000,000	525,000,000
Coal-mining	118,000,000	75,000,000
Other Mining Industry	157,000,000	93,000,000
Others	3,618,000,000	1,260,000,000
Total	$13,627,000,000	$7,257,000,000

The figures for the individual governments' plans are given in Table No. 6.

As may be realized from the table given above, the first required steps for eliminating the industrial backwardness of the Asian countries would be to integrate transportation facilities, to develop electric resources, to set up minor industry to manufacture textiles and other consumer goods as well as some simple means of production, to establish chemical industry for modernizing agriculture, and to install equipments for developing and stepping up the production of coal and other minerals.

Integration of transportation facilities and development of electric resources are the basic conditions for all industrial activities.

The exploitation of the underground mineral resources in the Asian area has so far been slow and unsatisfactory, due to insufficiency of modern technique and capital equipment. In many lines the post-war mineral production has not even attained the pre-war level. For instance, during 1935-40 Burma's mineral exports accounted for 37 per cent of the total exports, with petroleum topping the list (25 per cent). That country is now importing petroleum and the export of other mineral products represents mere 2.1 per cent of the total export in 1948.

b. Agricultural Development

Since 60 to 90 per cent of the population in the area is engaged in agriculture, it is obvious that agricultural development, side by side with the "industrialization" as described in the preceding section, is essential to the economic development of the Asian countries. As one of the first steps for agricultural development, it is required to increase the agricultural production and raise the productivity of labor through modernization of the means of production.

With the exception of rubber, the post-war agricultural production in all Asian countries still falls below the pre-war level. In India and China, cotton is not being produced in enough quantities to satisfy their domestic demands. Among others, jute is considered as an item which should be produced in increased quantities as a means to earn foreign currencies.

Before the war, the Asian area as a whole had a surplus of rice that could be exported. But the decline in production during the war and the characteristically steady increase in population in the area have created a net shortage of rice in the post-war period. A sharp increase has also been registered in the import of wheat, barley and other cereals since the war.

Although the Asian countries are generally overpopulated, it should be noted that there still remain large areas in several parts of those countries which are arable but are left uncultivated. In Indonesia, for example, Java and Madura are densely populated with 382 per square kilometer, while the density in other islands amounts to only 12 per square kilometer. If modern mechanical equipments (such as earth-mover, bulldozer, tractor, etc.) were used for the development of these islands, it would be possible

to turn jungles soon into fertile fields.

In order to carry out the agricultural development as mentioned above, it is required to furnish the Asian countries with the following means. It should be noted that most of them (and in certain cases all of them) will have to be imported from abroad.

(a) Fertilizers. In Asian agriculture the use of chemical fertilizers is quite limited. For the increased production they are indispensable and will have to be imported in large quantities.

(b) Irrigation and drainage equipment. Materials and mechanical equipment such as pumps, power units, well casings, pipes, etc., and excavators, and earth-moving equipment including tractors with bulldozer and ditch-digging attachments.

(c) Agricultural machinery and implements. Supply of tractors and associated equipment is urgently needed to bring new lands into cultivation.

(d) Pesticides. Arsenicals, copper sulphate, DDT, etc.

(e) Other requisites. Equipment such as rice hullers and polishers, rice-mills, flour mills, cotton-gins, oilseed crushers, copra presses, sugar-mills, tea and rubber processing equipment, and transport system.

3. Employment of Japanese Industrial Power

It has been observed that the economic development of the Asian countries can best be carried out through the necessary industrial facilities and technical knowledge supplied by Japan. The possible extent of the role the existing industrial power of Japan may play in the economic development of the Asian countries is indicated in the report on "Economic Survey of Asia and the Far East, 1948," compiled by the United Nations Economic Commission for Asia and the Far East on which are based the following observations and figures.

a. Capital Goods

Japanese export of machinery to Asian countries during 1949 amounted only to $36,000,000 or 16 per cent of her total export.

For the present Japanese plants for manufacturing capital goods are operating approximately 50 per cent of their capacity. If, operated at full

capacity they could turn out, in excess of her domestic demands, some $285,000,000 worth capital goods each year consisted of tractors, bulldozers, trucks, chassis, mining excavators, crushers, sievers, dressers, mixers, iron frames, building and engineering machines, mechanical tools and implements, cotton weaving machines, silk and rayon weaving machines, spindles and looms for silk and staple fiber, steam locomotives, railway trucks, ships, heavy electrical machines, agricultural implements, etc. On the basis of a conservative estimate of this surplus capacity at $250,000,000, the additional requirement for iron and steel would amount to 600,000 to 700,000 metric tons. Such additional production of iron and steel is well within the existing capacity of equipment in Japan, and the iron ore required therefor may be obtained from Hainan Island, Malaya, the Philippines, and India. If, in addition to ore, coking coal could be imported from North China, Japan then would be in a position to supply the Asian countries with a large amount about $250,000,000 per annum of capital goods needed for their industrialization and increased farm production only by using raw materials found in Asia, without being troubled by the shortage of dollar exchange.

b. Fertilizers

In reference to phosphatic fertilizers, Japan is in a position to make an annual export of some 300,000 metric tons, after meeting her domestic demand. However, the business is not a profitable one for Japan, as the manufacturing cost amounts to $6,000,000, of which $4,000,000 to $5,000,000 has to be spent for importing phosphate rock. As to nitrogenous fertilizers, though much depends upon supply of electricity Japan is even at present, in a position to export 2-300,000 tons.

c. Pesticides

Only a small fraction of the demand of the Asian countries could be met even if our manufacturing equipments were operated in full. As raw materials required are obtainable in Japan, the export of pesticides is expected to make a profitable business. But the amount of export, if any, will be negligible for some time to come.

III. CONCLUSION

As will be seen clearly from what has been stated above, our future trade with Asian countries should take such a form as will serve to overcome the economic backwardness of these countries. In other words, the future economic policy of this country should be so framed as to help other Asian countries effect their economic development by the use of industrial products supplied by this country so that they may increase their national productions and incomes, rendering possible a progressive expansion of our mutual trade. This kind of expansion of trade between Japan and her Asian neighbors will, because of mutual economic interdependence and geographical advantages, contribute to the economic development of both Japan and Asia as a whole and eventually to the expansion and equilibrium of world economy.

It is presumed that this role of Japan in the Asian economic development is duly considered in the Point-Four Program recently launched by the U. S. Government.

Hereafter, we cannot expect too much of our China trade in view of the international situation as well as conditions of China. In order to fill this gap, we should do our utmost in trading with the south-eastern Asia and other quarters of the globe.

Further, it should be added that as a prerequisite to the expansion of the trade of the Asian area it is necessary to solve the financial problems in the way. As well known, the Korean war has sent up the prices of the indigenous products of this area and accelerated their sales, improving the balance of international payments of the Asian countries, which might result in solving their long and vexing problem of dollar shortage (See Tables No. 7 and No. 8). But it is unthinkable that the temporary prosperity of this nature will enable these countries to accumulate sufficient capital for financing their vast economic development plans. Japan herself, in order to become self-sustained and to renovate her industrial facilities to a point she can be of any help to these countries, will require foreign assistance in one form or another for some years to come. Such being the case, the economic development of the Asian area will necessitate capital aid from the United States, Britain and other interested powers for an extended period.

Moreover, in order to make effective use of the foreign financial assistance it would be desirable to establish with the aid funds as a foundation a comprehensive system for mutual extention of credits and for multilateral clearance. Such a system would facilitate the removal of the existing trade restrictions, including discriminatory treatments and control measures, which are accountable for dullness of the trade of the area especially the intra-areal trade. Incidentally, if this system is established in Asian countries and if it comes to be linked with similar systems in Europe and international economic organizations (Bretton Woods organizations, ITO, GATT, etc.), they will contribute most effectively to the expansion and equilibrium of world economy in the future.

TABLE NO. 1. Asian Trade of Japan by Commodity Expressed as Percentages of Her Total Imports and Exports

1. Export

Commodity / Country of Destination	Textile Goods		Cotton Textile (included in Tex. Gds.)		Metal Goods		Machines and Tools	
	1937	1949	1937	1949	1937	1949	1937	1949
	%	%	%	%	%	%	%	%
Burma	—	1.2		2.3				
Thailand	2.0	3.9	2.7	5.3	2.0	2.8	4.8	13.3
French Indo-China	1.0	0.1			0.1		0.1	
Pakistan		3.9		7.1		0.6		3.4
Korea		0.3		0.1		1.6		5.6
Ceylon	0.7	0.9	0.3	1.8	0.5		0.3	
Malaya	2.4	3.2	2.2	6.2	3.2	0.8	2.1	
Indonesia	10.3	7.6	14.8	14.6	11.2	1.2	3.5	2.9
Philippine Republic	2.0	1.2	2.1	1.4	3.1	17.8	1.3	18.3
India	13.3	9.7	10.9	7.2	8.1	4.3	5.2	33.9
China	16.0	1.4	16.7	0.3	42.7	0.9	62.8	
Formosa		0.5		0.9		2.8		7.5
Hongkong		3.1		1.5		3.6		6.0
Total	47.8	37.0	49.2	48.7	70.9	36.4	80.1	90.9

2. Import

Item	Country of Origin	1937	1949
		%	%
Rice	Thailand		65.0
	Burma		33.3
Soya bean	China	100.0	17.8
Kaoliang	China	94.0	
Red bean	China	95.0	
Peanut	China	100.0	
French bean	India	89.6	
Sugar	Indonesia	94.0	
	Formosa		74.2
Molasses	Philippine Republic		60.4
	Formosa		29.1
Rubber	Indonesia	25.8	34.6
	French Indo-China	8.3	
Shellac	India	98.0	
Resin	Thailand		17.5
Natural lacquer	French Indo-China	58.2	
Teak	Thailand	93.0	
Lumber	Philippine Republic	60.0	
	Indonesia	10.5	
Beef	China	69.0	
Cow-hide	China	23.2	
	Thailand	8.8	
	India	5.6	
Bristle	China	98.0	
Petroleum	Indonesia	23.0	
Manganese ore	China		21.7
	India		56.6
Tin	Malaya	59.6	24.5
	Indonesia		9.0
	China	20.0	
Bauxite	Indonesia		100.0

		%	%
Salt	China	45.4	9.4
	Formosa		9.8
	French Indo-China	5.8	2.4
	Indonesia		4.9
Oil seeds	China	82.3	17.8
	Indonesia	8.2	
	India	4.9	
	Thailand		22.1
Feedstuff	China	98.0	
Bran	China	62.6	
Oil cake	China	82.8	94.0
Copra	Indonesia	50.2	43.6
	Philippine Republic		35.4
Wood oil	China	100.0	
Rubber	Malaya	59.6	55.7
Ginned cotton	India	42.8	6.1
	China	2.8	
	Pakistan		8.1
Jute	India	83.1	21.1
	Pakistan		78.9
Ramie	China	93.9	100.0
Manila hemp	Philippine Republic	98.0	100.0
Coal	China	77.8	
	French Indo-China	21.7	3.3
Pig-iron	India	31.2	21.1
	China	47.6	
Iron ore	Philippine Republic	15.0	21.6
	China	27.4	20.7
	Malaya	45.0	30.2

Note: Percentages for the year 1949 are based on weight instead of value.

2. Import

TABLE NO. 2. Principal Commodities Traded between Japan and Asian Countries in 1937 and Their Ratios in Each Trade

1. Export

(Value of total exports of Japan to each country is taken as 100%)

Country of Destination	Top Item			Second Item		
	Commodity	Principal Item	Ratio to the total (%)	Commodity	principal Item	Ratio to the total (%)
			%			%
Thailand	Textile goods (tissues, clothings, yarns)	Cotton piece	55.0	Machines and tools	Vessels	23.4
French Indo-China	do.	Silk fabrics	22.6	Food and beverages	Potato, agar-agar	13.1
Ceylon	do.	Cotton piece goods	59.4	Pottery and porcelain, glass and glassware	Porcelain for fixtures	4.3
Malaya	do.	Silk fabrics	47.7	Food and beverages	Canned fish	9.3
Indonesia (Netherlands East Indies)	do.	Cotton piece goods	70.1	Metal goods	Enamelled ironware	5.6
Philippine Republic	do.	do.	52.3	Food and beverages	Canned fish	11.5
India British India)	do.	do.	73.9	Machines and tools	Spinning machine	4.2
China (Manchuria, Kwantung Province and main land of China)	do.	do.	32.1	do.	Rolling-stock, spinning machine	19.8

°Based on the figures for 1936.

East Indies)

2. Import

(Value of total imports of Japan from each country is taken as 100%)

Country of Origin	Principal Item	Ratio to the Total %
Thailand	Rice	27.4
	Hides and skins	26.6
	Teak	22.9
French Indo-China	Coal	47.6
	Rubber	30.8
	Natural lacquer	6.2
Ceylon	Coconut fibre	28.4
	Black tea	25.0
Malaya	Rubber	51.5
	Tin (in 1934)	17.0
	Iron ore (")	1.3
	Others, including leaf tabacco and copra	
India (British India)	Ginned cotton	81.0
	Pig iron (in 1934)	2.2
	Hemp, jute	1.9
	Old and scrap iron (in 1934)	1.6
	Hides and leather	1.2
	Lead (in 1934)	1.1
	Shellac	0.6
	French bean	0.5
	Rapeseed oil cake	0.4
	Oil seed	0.4
	Jute, ramie	1.2
	Red bean	1.0
	Tin (in 1934)	0.9
	Peanut	0.4
	Antimony (in 1934)	0.3
Indonesia (Netherlands East Indies)	Petroleum	42.2

Country of Origin	Principal Item	Ratio to the Total %
	Rubber	16.7
	Sugar	11.5
	Old and scrap iron	2.4
	Oil seed	2.2
	Copra	1.0
	Lumber	1.2
	Tin (in 1934)	0.3
Philippine Republic	Manila hemp	49.2
	Lumber	22.8
	Iron ore (in 1934)	0.4
China	Soya beans	20.9
	Oil cake	9.8
	Coal	9.0
	Oil seed	7.3
	Pig iron (in 1931)	6.0
	Ginned cotton	5.3
	Salt	4.8
	Bran	2.3
	Feedstuff	2.2
	Cow hide	2.1
	Kaoliang	1.8
	Iron ore	1.4
	Bristle	1.3
	Beef	1.3

TABLE NO. 3. Principal Commodities Traded between Japan and Asian Countries in 1949 and Their Ratios in Each Trade

1. Export

(Percentages of respective items to the total value of exports to each country)

Country of Destination	Textile Goods	Cotton Textile (included in Tex. Gds.)	Metal Goods	Machines and Tools
	%	%	%	%
Thailand	52.2	45.0	8.5	20.8
French Indo-China	78.7		1.8	12.5
Burma	93.6	93.6		3.8
Pakistan	82.9	82.3	2.4	10.3
Korea	5.7	1.9	7.0	18.3
Ceylon	82.3	82.1	2.3	1.5
Malaya	81.2	80.5	3.3	0.9
Indonesia	89.1	80.9	2.5	4.8
Philippine Republic	15.2	12.8	57.6	8.1
India	56.5	21.3	4.6	27.2
China	33.3	1.9	37.5	5.0
Formosa	20.2	20.2	22.1	46.4
Hongkong	41.7	10.5	9.1	10.9

2. Import

(Percentages of respective items to the total value of imports from each country)

Country of Origin	Principal Item	Percentage
		%
Thailand	Rice	76.0
	Teak	5.3
	Resins	4.2
	Oil seed	4.0
French Indo-China	Coal	60.6
	Salt	21.0
Burma	Rice	98.1
Pakistan	Raw cotton	79.9
	Jute	18.8
Korea	Dried laver	39.6
	Graphite	33.3
Philippine Republic	Abaca fibre	46.3
	Iron ore	27.6
	Copra	8.2
	Molasses	8.1
India	Raw cotton	56.6
	Pig iron	11.2
	Manganese ore	7.4
	Jute	6.7
	Mica	3.5
Formosa	Sugar	84.3
	Salt	18.6
Ceylon	Graphite	47.5
	Coconut fibre	38.0
Malaya	Rubber	47.8
	Iron ore	34.6
	Tin	14.2
Indonesia	Rubber	62.1
	Palm oil	14.8
	Copra	11.3

	Others, including salt, bauxite, tin.	
China	Iron	24.2
	Soya beans	19.8
	Salt	12.6
	Soya bean cake	9.6
	Ramie	8.7
Hongkong	Iron ore	46.1
	Manganese ore	12.8
	Ramie	11.6

TABLE NO. 4. Special Produce of Asian Countries

Key: 1. "*" denotes the most important commodities of a country, such as may be regarded as the main stay of her national economy, and the items marked "°" are those next in importance.
2. Figures in percentage are the ratios borne by the respective items to the value of total exports of the country concerned in the years shown in brackets.

Burma	Agriculture	*Rice: 43.8% (1937), 86.4% (1948).
		Raw cotton, rubber, tobacco, sesame, bean, peanut.
	Forestry	°Teak: 7.7% (1937), 12.5% (1948).
	Mining	°Petroleum: 25% (1935-40 average) (Post-war decrease in production has made petroleum an import item.)
		Lead, zinc, silver, tin, copper, antimony, tungsten, nickel.
Thailand	Agriculture	*Rice: 47.6% (1937), 40.4% (1947)
		°Rubber: 12.3% (1937), 7.7% (1947)
		Tobacco, raw cotton, coconut, oil seeds
	Forestry	°Teak: 3.3% (1937), 6% (1947)
	Stock-farming	Cow-hide
	Mining	Tin: 15.1% (1937), 1.9% (1947)
		Antimony wolfarm
French Indo-China	Agriculture	*Rice: 31.4% (1934-38 average), 38% (1948)
		°Rubber: 17.2% (1938), 26.3% (1948)
		°Maize: 17.3% (1958), 6.3% (1948)
		Black tea, °pepper, °natural lacquer, kapok
	Mining	°Coal: 4.2% (1938), 1.6% (1948)
		Tin, salt, zinc, lead, silver, tungsten, gold, iron ore, phosphate, manganese, antimony
	Stock-farming	Cow-hide
Pakistan	Agriculture	Edibles: Rice, 260,000 metric tons (1934-38 average)
		145,000 metric tons (1948)
		wheat, rye, and other cereals
		non-Edibles: *Raw cotton
		*Jute
		Oil seeds
	Stock-farming	Wool, hides and skins
Korea	Agriculture	*Rice
		Wheat, rye, other cereals, tobacco, raw cotton
	Marine Products	°Laver: 48.8% (1948
	Mining	Copper, tungsten, graphite, zinc, lead, magnesite, gold, silver, coal
	Manufacturing Industry	
Ceylon	Agriculture	*Black tea: 51.3% (1937), 63% (1946)
		*Rubber: 23.2% (1937), 15% 1948)
		*Copra: 11.7% (1937), 13.5% (1948)
	Mining	Graphite
Malaya	Agriculture	*Rubber: 51.3% (1939), 51.3% (1948)
		°Coconut: 2.8% (1939), 7.3% (1948)

		*Jute
		Oil seeds
	Stock-farming	Wool, hides and skins
Korea	Agriculture	*Rice
		Wheat, rye, other cereals, tobacco, raw cotton
	Marine Products	*Laver: 48.8% (1948
	Mining	Copper, tungsten, graphite, zinc, lead, magnesite, gold, silver, coal
	Manufacturing Industry	
Ceylon	Agriculture	*Black tea: 51.3% (1937), 63% (1946)
		*Rubber: 23.2% (1937), 15% 1948)
		*Copra: 11.7% (1937), 13.5% (1948)
	Mining	Graphite
Malaya	Agriculture	*Rubber: 51.3% (1939), 51.3% (1948)
		°Coconut: 2.8% (1939), 7.3% (1948)
	Mining	*Tin: 21.5% (1939), 13% (1948)
		Iron ore, coal
Indonesia	Agriculture	*Rubber: 31.5% (1937), 24.7% (1948)
		*Copra: 6.5% (1937), 15.1% (1948)
		Sugar: 5.3% (1937), 2.3% (1948)
		Black tea: 5% (1937), 2% (1948)
		Tobacco: 4.3% (1937), 0.4% (1948)
		Palm-oil, coffee, quinine, pepper, spices, maize, kapok
	Stock-farming	Hides and skins
	Mining	°Petroleum: 17.4% (1937), 25% (1948)
		*Tin: 9% (1937), 14.2% (1948)
		Bauxite, salt
Philippine Republic	Agriculture	Sugar: 38.1% (1937), 6.5% (1948)
		Hemp: 14.3% 1937), 9.4% (1948)
		Copra: 12.4% (1937), 49.5% (1948)
		Palm oil: 13.5% (1937, 6.3% (1948)
	Forestry	Lauan logs
	Mining	Gold, chrome, copper, iron ore, manganese
China	Agriculture	*Wood oil, oil seeds: 19.7% (1936), 24.0% (1947)
		°Tea: 5.7% (1936), 1.2% (1947)
		°Raw silk: 6.7% 1936), 8.2% (1947)
		*Soya bean
		Raw cotton, hemp, ramie, etc.
	Stock-farming	*Bristle: 14.7% (1936), 18.7% (1947)
		Hides and leather: 5.9% (1936), 1.9% (1947)
		Egg and egg products
	Mining	°Mineral products, including coal, iron ore, antimony, tungsten, manganese, tin, salt: 8% 1936), 5.3% 1947)

TABLE NO. 5. Ratios Borne by Asian Countries to the Total Value of Japan's Foreign Trade

Country	Export		Import	
	1937	1949	1937	1949
	%	%	%	%
Burma		0.7		0.5
Thailand	1.5	4.3	0.3	2.1
French Indo-China	0.1	0.1	0.7	0.4
Pakistan		5.0		1.6
Korea		2.9		0.4
Ceylon	0.5	0.7	0.1	0.5
Malaya	2.2	2.7	2.9	2.2
Indonesia	6.2	6.2	4.0	1.7
Philippine Republic	1.8	4.1	1.2	1.3
India	9.5	12.5	14.5	14.7
China	24.8	0.5	11.4	2.4
Formosa		1.5		2.5
Hongkong	2.0	5.2	0.1	0.07
Total	48.6	46.4	31.6	30.4

TABLE NO. 6. Economic Development Plans of Asian Countries

Ceylon:

Cement Plant	13	million rupee
Glass Manufactory	0.8	„
Veneer Manufacturing Plant	1	„
Iron and Steel Mill	11.5	„
Paper-mill	6.6	„
Caustic Soda Manufacturing Plant	2.6	„
Oil Extraction Plant	6.5	„
Textile Plant	83.3	„
Sugar Manufacturing Plant	3	„
Total	128.4	„ (US$ 39 million)

India:

Coal	US$ 36.1	million
Electric Power	784.1	„
Fertilizer	179.4	„
Cotton Industry	60.3	„
Iron and Steel Manufacture	211.1	„
Transportation	1,458.2	„
Chemical Goods	120.6	„
Others		
Total	3,650	„

French Indo-China:

	First Five Years		Second Five Years	
Coal Industry	US$ 10.2	million	US$ 1.8	million
Electric Power	20.8	„	14.5	„
Textile Industry	7	„	11.3	„
Transportation	74	„	94.7	„
Mining	19.2	„	8.7	„
Iron and Steel	3.4	„	7.8	„
Chemical Goods	10.2	„	4.5	„
Total	US$ 750 million			

Indonesia:

	For Recovery to the Prewar Level		New Plan	
Textile Industry	US$ 186.3	million	US$ 32.4	million
Vessels	4.9	„		
Chemical Goods	9.6	„		
Machine Manufacturing Industry	101.7	„		
Hydroelectric Power			16.5	„
Fertilizer			25	„
Iron and Steel			4.1	„
Non-ferrous Metals			33.9	„
*Miscellaneous	406.8	„	57.4	„
Total	709.6	„	169.6	„
Grand Total	US$ 1,045	million		

*Requirements for paint, printing, tapioca, batik, paper, soap, wood-working, brewing, sirup, beer and other beverages, rubber,

Transportation	14 „	54.7 „
Mining	19.2 „	8.7 „
Iron and Steel	3.4 „	7.8 „
Chemical Goods	10.2 „	4.5 „
Total	US$ 750 million	

Indonesia:

	For Recovery to the Prewar Level	New Plan
Textile Industry	US$ 186.3 million	US$ 32.4 million
Vessels	4.9 „	
Chemical Goods	9.6 „	
Machine Manufacturing Industry	101.7 „	
Hydroelectric Power		16.5 „
Fertilizer		25 „
Iron and Steel		4.1 „
Non-ferrous Metals		33.9 „
*Miscellaneous	406.8 „	57.4 „
Total	709.6 „	169.6 „
Grand Total	US$ 1,045 million	

*Requirements for paint, printing, tapioca, batik, paper, soap, wood-working, brewing, sirup, beer and other beverages, rubber, furnitures, packing, tanning extract, rope, bagging, pottery and porcelain, cement, glass, electric bulb, confectionary, flour milling, etc.

Malaya and Singapore:

Electric Power, Road System, Railway, Airfield	33 million pound
Key Industries (Rubber, Palm Oil, Black Tea, Metal-Casting, etc.)	54 million Malay dollar

British North Borneo:

Transportation, Generation of Electricity, and Others	US$ 16 million

Brunei and Sarawak:

Mining, and Communication System	US$ 3.4 million
Total Requirements of Malaya, Singapore, British North Borneo, and Sarawak:	US$ 150 million

Philippine Republic:

Coal	US$ 10.5 million
Petroleum	13.1 „
Fertilizer	74.1 „
Cotton Industry	31.2 „
Jute	1.5 „
Rayon	8. „
Railway	19.6 „
Road System	1,068 „
Vessel	17.5 „
Iron and Steel	7.9 „
Non-ferrous Metals	22.9 „
Processing Industry	5 „
Miscellaneous	101.9 „
Total	1,482.7 „

TABLE NO. 7. Trade Balances of Asian Countries

Key: 1. Figures are given in million U.S. dollars, except those for Japan in 1937 are in million yen.
2. Figures on the right in each column show the value of import in case the balance is unfavorable, or that of export in case it is favorable, for the country concerned.
3. How to read the table:

Country of Origin or Destination	Japan
Country	1949
Ceylon	(−) 3.3/4.2

Shows that in 1949 Ceylon imported US$ 4.2 million from Japan, of which US$ 3.3 million represents an import excess.

Country of Origin or Destination / Country	ECAFE Region		Japan		Great Britain		U. S. A.	
	1937	1948	1937	1949	1937	1948	1937	1948
Burma	(+) 79.4/125.3	(+) 49.6/132.7	—	(−) 0.001/ 4.7	(+) 14.8/ 32.3		(−) 0.1/ 3.8	
Thailand	(+) 36.8/ 59.6		(−) 335.8/ 49.3	(−) 3.8/ 22.4	(−) 4.7/ 5.8		(−) 1.9/ 2.4	
French Indo-China	(+) 7.3/ 17.7	(−) 7.2/ 27.6	(+) 22.4/ 27.0	(+) 2.7/ 3.3		(−) 4.8/ 4.8	(+) 4.4/ 6.6	(−) 21.6/ 24.0
Pakistan				(−) 1.5/ 16.4				
Korea		(+) 12.0/ 38.4		(−) 12.3/ 15.8		(−) 6.0/ 6.0		(−) 132 /136.8
Ceylon	(−) 36.6/ 44.1	(−) 86.4/ 97.2	(−) 14.6/ 18.6	(−) 3.3/ 4.2	(+) 37.2/ 57.6	(+) 39.6/ 91.2	(+) 17.7/ 20.0	(+) 27.6/ 50.4
Malaya	(−) 183.3/254.5	(−) 213.6/426.0	(+) 44.3/115.6	(+) 5.3/ 20.3	(+) 4.4/ 57.0	(−) 49.2/159.6	(+) 218.2/227.2	(+) 81.6/119.2
Indonesia	(+) 96.3/136.3	(+) 30.0/ 88.8	(−) 46.6/ 200.0	(−) 16.9/ 32.3	(+) 6.1/ 28.8	(−) 27.6/ 36.0	(+) 74.0/101.9	(−) 26.4/ 96.0
Philippine Republic	(−) 8.4/ 11.4	(−) 38.4/ 52.8	(−) 15.2/ 60.3	(−) 7.7/ 21.0	(+) 3.0/ 5.6	(−) 1.2/ 4.8	(+) 61.2/125.0	(−) 261.6/470.4
India	(−) 37.4/108.0	(−) 84.0/270.0	(+) 150.1/449.4	(−) 51.3/ 64.8	(+) 13.4/221.6	(−) 162.0/459.6	(+) 30.4/ 72.7	(−) 102.0/315.6
China	(+) 7.8/ 59.2		(−) 353.3/791.1	(+) 18.4/ 21.5	(−) 10.0/ 33.2		(+) 10.9/665	
Hongkong	(−) 12.1/160.5	(+) 48.0/ 247.2	(−) 43.8/ 49.1	(−) 26.8/ 27.5	(−) 9.6/ 20.9	(−) 56.4/ 75.6	(−) 1.2/ 23.2	(−) 58.8/ 97.2

Note: 1. "China" includes Manchuria, Kwantung Province, and main land of China.
2. "Malaya" includes Singapore.

TABLE NO. 8. Asian Trade of Japan and the United States Expressed as Percentages of Exports and Imports of Asian Countries

(Percentages of Japanese trade are based on the year 1937, and those of the United States trade on the year 1948)

Country	Export to		Import from		
	Japan	U. S. A.	Japan	U. S. A.	
	%	%	%	%	
Burma	2.3	0.2	8.5	3.9	
Thailand	3.5		19.8		
French Indo-China	4.2	2.8	3.1	14.2	
Ceylon	0.8	18.1	6.7	7.6	
Malaya	6.7	27.4	5.8	11.9	
Indonesia	4.5	17.6	25.4	21.9	
Philippine Republic	6.0	62.7	14.8	34.4	
India	12.4	18.8	14.0	24.7	
China	14.4	25.2	16.3	46.4	Based on the year 1936
Hongkong	4.2	9.6	9.4	18.7	

Source: "Economy Survey of Asia and the Far East, 1948," prepared by the United Nations.

B. 既成事実関係

INDUSTRIAL PROPERTY

FOREIGN OFFICE

JAPANESE GOVERNMENT

OCTOBER 1948

CONTENTS

I. PREFACE

Industrial property has an important bearing upon the demilitarization of Japan which is one of the cardinal objectives of Allied occupation, and at the same time it is vitally involved in the economic reconstruction of the country.

Especially the use, in the past and in the future, of such rights owned by foreign nationals is a matter that touches the very root of Japan's industrial economy.

The following pages give a sketch of the condition of industrial property in Japan before the war, the measures taken during the war relating thereto and their current status under the Allied occupation, and also a brief exposition of the various difficulties now confronting Japan and the problems that remain yet to be solved.

II. PROTECTION OF FOREIGN-OWNED INDUSTRIAL PROPERTY IN JAPAN

In Japan industrial property is classifed into the rights of patent, utility model, design, and trade mark. It was in 1870 that a patent system was first established in Japan, which has since undergone revision several times. The present Patent Law was enacted in 1921. Article 32 of this Patent Law (applicable equally to the Utility Model, Design, and Trade Mark Laws) distingaishes foreign nationals who have residence or business office in Japan from those who have not, and provides that (a) those who have shall enjoy patent rights equally with the Japanese; and (b) those who have not shall enjoy the rights only in the cases where there exists an arrangement by treaty between Japan and their countries.

As regards the nationals of a country having a treaty with Japan relating to protection of industrial property, the said nationals, regardless of whether or not they have residence or business office in Japan, may acquire the rights and receive protection equally with the Japanese by going through the necessary procedure under Japanese laws. These steps may be taken through a representative having residence or business office in Japan.

The countries having treaty with Japan include the parties to the International Convention for the Protection of Industrial Property and those having individual bilateral treaties or agreements with Japan. The International Convention was concluded in 1883 at Paris. It was revised in 1900 at Brussels; in 1911 at Washington; in 1925 at the Hague; and in 1934 at London. Japan has adhered to the above successive conventions since 1899.

The following are the Allied countries, which are parties to the Convention:

The United States of America, Argentine, Australia, Czechoslovakia, Dominica, France, Luxemburg, Sweden, Belgium, Brazil, Canada, Cuba, Denmark, England, Greece, Mexico, Norway, New Zealand, Holland, Poland, Turkey, Yugoslavia, Syria and Lebanon.

As for individual treaties, Japan concluded in 1911 a bilateral agreement with Russia relating to mutual protection of industrial property, by which the contracting parties mutually recognized the ability of the nationals of either one of the parties to enjoy industrial property in the territories of the other.

China and Siam are the countries whose respective treaty of commerce and navigation with Japan contains special provisions relating to mutual protection of industrial property—namely, Article 5 of the Supplementary Sino-Japanese Treaty of 1903, and Article 16 of Japan-Siam Treaty of 1937. It should be added that the Sino-Japanese treaty provides only for the protection of trade marks.

III. MEASURES TAKEN DURING THE WAR

According to prevailing view among authorities on international law concerning the effect of a war on the treaties between the belligerent Powers, multilateral treaties, especially those of administrative and technical character, relating to private rights are suspended during the period of hostilities.

In the case of Japan, it is believed that the International Convention for the Protection of Industrial Property was suspended with respect to her former enemies—namely, the Allied Powers, but it has continued to be in effect as far as the neutral countries are concerned.

During the Pacific War the Japanese Government invoked the War-Time Law of Industrial Property of 1917. (See Annex I.)

The Law, providing respective measures, especially against enemy nationals, was drawn up during the First World War on the basis of the principles that had been agreed upon by the then Allied Powers at the Economic Conference at Paris. The principal measures which were taken under the law during the last war are as follows:

1. Patents and registrations were stayed concerning applications or demands made by United Nations nationals.
2. Some patents owned by United Nations nationals were cancelled (Note 1).
3. With regard to certain patents owned by United Nations nationals, the rights of exclusive use under War-Time Law were granted to specially licenced Japanese (Note 2).
4. A few of the trade marks belonging to United Nations nationals were cancelled (Note 3).

IV. FOREIGN-OWNED INDUSTRIAL PROPERTY UNDER ALLIED OCCUPATION

(a) Allied Memoranda and Japanese Government Measures

Following the Allied occupation of Japan, the General Headquarters of the Supreme Commander issued a memorandum on "Protection of Allied and Axis Property" dated September 13, 1945, and another on "Control of Financial Transactions" under the date of September 22 of the same year.

In compliance with the first of these directives the Japanese Government promulgated Finance Ministry Ordinances, No. 78, September 20, 1945 and No. 80, September 26, 1945, suspending acquisition, disposal, mutation or transference of all properties belonging to Allied and Axis nationals. Under the second directive Finance Ministry Ordinance No. 88, October 15,

Note 1	Patent rights cancelled	1,394
	Those actually used	92
Note 2	Patents the exclusive use of which was permitted under War-Time Law	92
	Those actually used	42
	Rights of exclusive use under War-Time Law	244
	Those actually used	53
	Holders of the rights of exclusive use under War-Time Law	53
	Those who actually used such rights	23
Note 3	Trade mark rights cancelled	54
	Those actually used	none

1945 was issued, which forbade all transactions relating to the property located within Japan, and owned by persons residing outside Japan, which of course was applicable to all incorporeal property such as patents.

Various SCAP directives were issued thereafter for the compilation of the necessary data for the postwar disposition of foreign-owned industrial property, and the Government has taken appropriate measures to meet the Allied demand by issuing, if necessary, cabinet or ministrial ordinances.

(1) Memorandum on "Dissolution of Holding Companies," November 6, 1945.

This memorandum is related mostly on the dissolution and suppression of the 4 zaibatsu and other monopolistic bodies. Paragraph 7 prohibits Japanese from participating in international cartels and private international contracts of a similar nature and directs the Japanese Government to take the necessary measures to that end.

Accordingly, Imperial Ordinance, No. 37, January 22, 1946 was promulgated. Investigations were conducted into the existing private international contracts. There were 251 such contracts reported, of which a majority numbering 185 have to do with industrial property rights.

(2) Memorandum on "Restrictions on Patents and Patent Rights," March 8, 1946.

This Memorandum directed the Japanese Government to do the following:

(i) To submit to the Allied Headquarters a report on all the patents held by the Government or its subordinate organs or agencies, and those which were declared "secret patents" after January 1, 1930, and the inventions for which patents were then being applied (Note 4).

(ii) To take the necessary action for the prohibition of all contracts for transfers or assignments involving the above-mentioned patents and the applications thereof, and also to prohibit the registration in any other country of any Japanese owned patents unless approved by the General Headquarters for the Allied Powers (Note 5).

The memorandum was intended to find out what patents the Govern-

Note 4 By the memorandum dated July 31, 1918, it was decided that all the "secret patents" will be treated as ordinary patents.

Note 5 The Government was authorized to grant licenses on government owned patents and utility models, under the 6-June-1948 Memorandum on "Licensing of Government-owned Patents."

ment had, and to restrict their disposal, pending a future decision. According to the reports filed by the various government organs, the patents numbered about 5,000 and applications for patent about 400.

By way of carrying out the latter (ii) measure, Commerce and Industry Ministry Ordinance, No. 20, May 31, 1946 on "Restrictions on the Disposal of Patent Rights," was issued.

(3) Memorandum on "Patents, Utility Models, Designs and Trade Marks," July 13, 1946.

This memorandum called for a complete list of all patents, utility models and trade marks registered in the names of foreign nationals on December 7, 1941, the day the Pacific War started. Patents then applied for, and registered later, had to be reported also. The Board of Patents posted a nation-wide "Notice to Contract Holders for the Use of Patented Inventions, *&c.* owned by Foreign Nationals" and proceeded to carry out the Allied directive.

The results of the investigation, as reported to G.H.Q., showed that there were registered 8,530 patents, 1,944 utility models, 95 designs, and 15,681 trade marks (Note 6). (For details, see Annex II.)

(4) Memorandum on "Patents, Utility Models, Designs, Trade Marks and Copyrights of United Nations Nationals," December 17, 1946.

The memorandum directed the Government to submit a full report on the use made of all the patents, utility models, designs, trade marks and copyrights which were registered, or of which registration was applied for; in the names of United Nations nationals on or after December 7, 1941 and also of those registered in the name of individuals or firms other than United Nations nationals under agreement with a United Nations national.

Accordingly, Imperial Ordinance No. 36, January 30, 1946 was issued, and investigations were made on the uses made of on the United Nations industrial property rights between June 1, 1941 and December 1, 1946. The rights involved numbered as follows:

Note 6. Applications outstanding at the time of war declaration, and those filed during the war were:

Patents:	4,395 (1,921)*
Utility models:	723 (314)*
Trade marks:	783 (347)*
Total	5,901 (2,982)*

* Figures in parentheses indicate those of which registrations have since been completed.

Patents:	404
Utility models:	91
Trade marks:	23
Total:	518

(5) Memorandum on "Industrial Property Rights Registered in the Names of Specially Designated Foreign Nationals," August 28, 1947.

The memorandum ordered the Government to investigate and report on the industrial property rights owned by nationals of specially designated countries (members of the United Nations). The Board of Patents conducted the required investigations, the results of which, as were reported to the Allied Headquarters, are given in detail in Annex II.

(6) Memorandum on "Report on the Production under the Licenses for Exclusive Use," December 5, 1947.

The memorandum ordered investigations in the production through the use of United Nations patents licensed under the War-Time Law of Industrial Property and the royalties paid thereon. It was discovered that from the time the licenses under War-Time Law were issued to the end of the fiscal year of 1947 the royalties amounting to ¥112,302.88 had been paid.

(b) The Present Use of Foreign-owned Industrial Property

Some of (1) those rights that were cancelled under the War-Time Law, (2) those whose terms expired during the war, (3) those which have lapsed through non-payment of registration fees, or (4) those for which the licenses for exclusive use under War-Time Law were granted, as well as all those under valid contracts from prewar days, are being used by Japanese at present.

The adjustment of the rights and contracts which have been affected by the War-Time measures, is to be made under the peace treaty, of which the prospect is yet dim. Under such a circumstance the foreigners who own industrial property in Japan are placed in a very uncertain position.

V. FUTURE PROBLEMS

More recently there has been much talk about the necessity of bringing into Japan foreign capital for the economic and industrial rehabilitation,

and concrete steps are to be taken to that end. And for the induction of foreign capital, it has been strongly desired that the system be re-instituted for the application for and registration of foreign-owned patents, and the way be opened for Japanese manufacturers to make use of foreign techniques under contract with the owners of those patents.

Two Allied Memoranda dated successively September 7, 1948 and October 5, 1948 have removed the ban on the application for and registration of new industrial property rights by persons residing abroad. By these Memoranda the Director General of the Board of Patents was authorized as from September 1, 1948, to accept and process under existing Japanese industrial property laws concerned, applications for patents, utility models, designs and trade marks by any person outside of Japan, with such priority rights as are provided by the International Convention for the Protection of Industrial Property.

At the same time the Japanese Government is directed to repeal the provisions of Articles 1, 2, 3, 4 and 7 of the War-Time Law of Industrial Property. Then, the channels of communication with foreign countries have reopened concerning these industrial property rights.

This is an epochal measure for Japan still under military occupation, permitting her to import new inventions and techniques of the West, and as such it is highly appreciated by the Government and industrial circles of the country. The Government is taking the necessary steps to repeal a part of the War-Time Industrial Property Law in compliance with the above-mentioned directive.

What was desired by Japan concerning industrial property has now been largely realized. The directive covers all new inventions and utility models that have been applied in a certain country member of the International Convention since September 1, 1947 and also trade marks and designs duly applied since March 1, 1948. However, the present measure does not extend the priority rights to the applications submitted in foreign countries before those dates. It is confidently hoped that this matter will be also disposed of speedily and with understanding. We take the liberty of stating hereunder the major problems of industrial property that confront Japan in the future.

(a) Restoration of Industrial Property to Allied Nationals

During the war some of the rights owned by United Nations nationals

were nullified owing to: (1) cancellation under the War-Time Law; (2) expiration of the terms; (3) non-payment of patent or registration fees. For the restoration of these rights it will be necessary to promulgate detailed rules to provide the criteria for such restoration. According to precedents, such rules are stipulated by the peace treaty. But if the matter is to be solved without waiting for the conclusion of the treaty, the criteria to take the place of treaty provisions will have to be set up.

With the repeal of the War-Time Law and the restoration of foreign-owned industrial property, those Japanese, who have been using those rights nullified for the above-mentioned reasons, (1), (2) and (3), and those specially designated Japanese firms which have operated under the licenses for exclusive use under War-Time Law will be deprived of the basis for their operation rights, which would mean sometimes serious losses not only to themselves alone but also to the country itself now on its way to economic reconstruction. Inasmuch as these firms have been operating properly under domestic law, it is hoped their position will receive special consideration.

As regards the rights the Japanese industrialists had obtained by contract before the war with regard to foreign-owned industrial property, it is not clear what effect the war might have had on the validity of the contracts. But it is also desired that an arrangement will be made so as to permit the continued exercise of these rights.

(b) Protection of Foreign-owned Industrial Property

Japan is, of course, committed to strict observance of the International Convention for the Protection of Industrial Property, to which she has been a signatory ever since 1899. Criticism is frequently voiced against Japan on the score of scant regard for industrial property. Discussions on the subject have been held with Allied authorities, and the conclusion is that it is essential to cultivate among the people the sense of respect for incorporeal rights. The Japanese Government is determined to do everything for guiding the nation in the right direction with respect to this point.

The following are some of the questions now under study.

(i) In Japan, as in other countries, infringement of patent rights is prosecutable only on complaints of the injured party, while that of trade marks is liable to prosecution by the public prosecutor. In any case, Japan has been criticized for the slowness of her court procedure. In view of the vital interests of the parties concerned it is a problem

how far the procedure can be simplified or expedited. It is the intention of the Japanese Government to investigate the points of revision as part of the general question of legal proceedings by taking into consideration the examples in other countries. For one thing, it is considered advisable to assign to courts officials who are versed on the subject of industrial property.

(ii) The penalties under the Japanese Patent Law and Trade Mark Law are not believed to be so light as compared with other countries. But as a means of deepening the sense of respect for incorporeal rights it may be expedient and effective to make the penalties heavier. There is the Unfair Competition Prevention Law (Law No. 14, 1914) which is based on the provisions of the International Convention for the Protection of Industrial Property (Article 10, Paragraph 2). But this law does not fully achieve the purposes of prevention and control of violations of industrial property rights. Investigations are being carried on into the matter of setting up more detailed provisions and heavier penalties.

(c) Application in Foreign Countries for Registration of Industrial Property owned by Japanese.

It is not known how many Japanese industrial property rights have been applied for and registered in foreign countries. But there is no doubt that the actual royalties on such rights have amounted to a considerable sum.

The advent of inventions by Japanese capable of contributing to the promotion of peace industries and the welfare of mankind is desirable not only for Japan but also for the entire world.

It is expected that there will be many Japanese who would wish to apply for patents, including those who want to patent the inventions they made during the war years. Of course, the question of the foreign-owned rights in Japan will have to be first settled. But at the same time, it is hoped that this matter of Japanese patent applications in foreign countries will be considered in due course.

ANNEX I.

War-Time Law of Industrial Property

(Promulgated on July 21st, 1917, as Law No. 21 of the year 1917 and enforced as from September 15th 1917.)

Article 1. In respect of an application or a demand relating to an industrial property made by an enemy national, a patent or registration thereof shall be stayed during the war-time.

When an invention, a design or a device under application or demand mentioned in the preceding paragraph has come to fall under any one of the following items during the war-time, a patent or registration shall not be granted in respect to its application or demand:

1. Those have been publicly known or publicly used within the Empire.

2. Those have been described in publications circulated in the Empire in such a manner that it can be easily put in use.

Article 2. An enemy national may not demand a trial, an appeal trial or take an action against a judgment in an appeal trial during the war-time, relating to industrial property.

Article 3. No enemy national may claim a right of priority under the provisions of Art. 4 of the International Convention for the Protection of Industrial Property, against a patent right that comes into existence during the war-time.

Article 4. If it is necessary either for military purpose or the public interests in view of the present conditions, a patent right or registration of trade mark belonging to an enemy national, may be cancelled by order.

Article 5. A person who is granted to use a patented invention belonging to an enemy national may use it exclusively. The same shall apply to a patented invention which has been cancelled under the provisions of the preceding Article.

The duration of a right of exclusive use referred to in the foregoing paragraph shall be the period prescribed within the limits of the remainder of the term of the said patent right. Provisions relating to necessary