

Annex.

STRICTLY CONFIDENTIAL,
TENTATIVE AND WITHOUT
COMMITMENT

November 26, 1941.

OUTLINE OF PROPOSED BASIS FOR AGREEMENT
BETWEEN THE UNITED STATES AND JAPAN

Section I

Draft Mutual Declaration of Policy

The Government of the United States and the Govern-
ment of Japan both being solicitous for the peace of the
Pacific affirm that their national policies are directed
toward lasting and extensive peace throughout the Pacific
area, that they have no territorial designs in that area,
that they have no intention of threatening other coun-
tries or of using military force aggressively against any
neighboring nation, and that, accordingly, in their na-
tional policies they will actively support and give
practical application to the following fundamental
principles upon which their relations with each other
and with all other governments are based:

- (1) The principle of inviolability of territorial
integrity and sovereignty of each and all nations.
- (2) The principle of non-interference in the internal
affairs of other countries.

(3)

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McCarry
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- (3) The principle of equality, including equality of commercial opportunity and treatment.
- (4) The principle of reliance upon international cooperation and conciliation for the prevention and pacific settlement of controversies and for improvement of international conditions by peaceful methods and processes.

The Government of Japan and the Government of the United States have agreed that toward eliminating chronic political instability, preventing recurrent economic collapse, and providing a basis for peace, they will actively support and practically apply the following principles in their economic relations with each other and with other nations and peoples:

- (1) The principle of non-discrimination in international commercial relations.
- (2) The principle of international economic cooperation and abolition of extreme nationalism as expressed in excessive trade restrictions.
- (3) The principle of non-discriminatory access by all nations to raw material supplies.
- (4) The principle of full protection of the interests of consuming countries and populations as regards the operation of international commodity agreements.
- (5) The principle of establishment of such institutions and arrangements of international finance as may lend aid to the essential enterprises and the continuous development of all countries and may permit payments through processes of trade consonant with the welfare of all countries.

Section II

Steps to be Taken by the Government of the United States and by the Government of Japan

The Government of the United States and the Government of Japan propose to take steps as follows:

1. The Government of the United States and the Government of Japan will endeavor to conclude a multilateral non-aggression pact among the British Empire, China, Japan, the Netherlands, the Soviet Union, Thailand and the United States.

2. Both Governments will endeavor to conclude among the American, British, Chinese, Japanese, the Netherland and Thai Governments an agreement whereunder each of the Governments would pledge itself to respect the territorial integrity of French Indochina and, in the event that there should develop a threat to the territorial integrity of Indochina, to enter into immediate consultation with a view to taking such measures as may be deemed necessary and advisable to meet the threat in question. Such agreement would provide also that each of the Governments party to the agreement would not seek or accept preferential treatment in its trade or economic relations with Indochina
and

and would use its influence to obtain for each of the signatories equality of treatment in trade and commerce with French Indochina.

3. The Government of Japan will withdraw all military, naval, air and police forces from China and from Indochina.

4. The Government of the United States and the Government of Japan will not support -- militarily, politically, economically -- any government or regime in China other than the National Government of the Republic of China with capital temporarily at Chungking.

5. Both Governments will give up all extraterritorial rights in China, including rights and interests in and with regard to international settlements and concessions, and rights under the Boxer Protocol of 1901.

Both Governments will endeavor to obtain the agreement of the British and other governments to give up extraterritorial rights in China, including rights in international settlements and in concessions and under the Boxer Protocol of 1901.

6. The Government of the United States and the

Government

Government of Japan will enter into negotiations for the conclusion between the United States and Japan of a trade agreement, based upon reciprocal most-favored-nation treatment and reduction of trade barriers by both countries, including an undertaking by the United States to bind raw silk on the free list.

7. The Government of the United States and the Government of Japan will, respectively, remove the freezing restrictions on Japanese funds in the United States and on American funds in Japan.

8. Both Governments will agree upon a plan for the stabilization of the dollar-yen rate, with the allocation of funds adequate for this purpose, half to be supplied by Japan and half by the United States.

9. Both Governments will agree that no agreement which either has concluded with any third power or powers shall be interpreted by it in such a way as to conflict with the fundamental purpose of this agreement, the establishment and preservation of peace throughout the Pacific area.

10. Both Governments will use their influence to cause other governments to adhere to and to give practical application to the basic political and economic principles set forth in this agreement.

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