

*Arrangement between the United States of America and Japan respecting perpetual leaseholds. Effected by exchange of notes, signed March 25, 1937.*

March 25, 1937  
[E. A. S. No. 104]

*The American Ambassador (Grew) to the Japanese Minister for Foreign Affairs (Sato)*

No. 705                      EMBASSY OF THE UNITED STATES OF AMERICA,  
*Tokyo, March 25, 1937 (12 Showa).*

EXCELLENCY:

On March 4, 1937, I had the pleasure to inform the Imperial Japanese Ministry of Foreign Affairs that the Government of the United States was prepared to accept a mutually satisfactory settlement of the perpetual lease system which originated in former treaties between the United States and Japan, and on that basis I now have the honor, under instructions from my Government<sup>1</sup>, to confirm to Your Excellency the following understanding between the Government of the United States of America and the Imperial Japanese Government:

Arrangement with Japan for settlement of the perpetual lease system.

(1) That the said system of perpetual leases shall come to an end on the first day of the fourth month of the seventeenth year of Showa, corresponding to the 1st day of April, 1942, when the leaseholds shall without compensation be converted into the rights of ownership in accordance with the provisions of Japanese laws and ordinances. Such conversion shall be effected free of registration taxes in respect of lands under perpetual leases and buildings thereon.

(2) That until the thirty-first day of the third month of the seventeenth year of Showa, corresponding to the 31st day of March, 1942, the present position as regards tax exemptions shall be maintained, and no further claims shall be made by the Japanese authorities for arrears of such disputed taxes as may still be uncollected.

While requesting Your Excellency to be good enough to confirm the above understanding, I avail myself of this opportunity to renew to Your Excellency the assurances of my highest consideration.

JOSEPH C. GREW

His Excellency

MR. NAOTAKE SATO,

*His Imperial Japanese Majesty's*

*Minister for Foreign Affairs,*

*etc., etc., etc.*

<sup>1</sup> So in original.

*The American Ambassador (Grew) to the Japanese Minister for  
Foreign Affairs (Sato)*

EMBASSY OF THE UNITED STATES OF AMERICA,  
*Tokyo, March 25, 1937.*

MY DEAR MINISTER:

Permit me to refer to my note of today's date relating to the system of perpetual leases and to inform you that by the words "until the thirty-first day of the third month of the seventeenth year of Showa, corresponding to the 31st day of March, 1942, the present position as regards tax exemptions shall be maintained", it is understood that until March 31, 1942, no taxes at present in force shall be collected other than those heretofore collected from the leaseholders, nor shall any taxes which may be introduced in the future be collected from the leaseholders if such taxes are directly connected with the perpetual leaseholds.

In the event of an American leasehold being transferred it is also understood that it shall continue to be subject to the terms of the understanding in my note under reference.

The friendly spirit in which this settlement has been brought about will, I trust, ensure its successful operation.

Sincerely yours,

JOSEPH C. GREW

His Excellency

Mr. NAOTAKE SATO,

*His Imperial Japanese Majesty's  
Minister for Foreign Affairs,*

*etc., etc., etc.*

*The Japanese Minister for Foreign Affairs (Sato) to the American  
Ambassador (Grew)*

昭和十二年（千九百三十七年）三月二十五日東京ニ於テ

「アメリカ」合衆國特命全權大使

ジョゼフ、クラーク、グルー閣下

佐藤 尚武

以書翰啓上致候陳者本日附貴翰ヲ以テ左ノ如ク御通報相成敬承致候

千九百三十七年三月四日日本使ハ合衆國政府ガ合衆國日本國間ノ舊條約ニ起原ヲ有スル永代借地制度ニ付相互ニ満足ナル解決ヲ受諾スルノ用意アル旨日本帝國外務省ニ對シ通報致置候處右ノ基礎ニ於テ本使ハ茲ニ本國政府ノ訓令ニ依リ「アメリカ」合衆國政府及大日本帝國政府間ノ左記了解ヲ閣下ニ對シ確認スルノ光榮ヲ有シ候

(一) 前記永代借地制度ハ昭和十七年四月一日即チ千九百四十二年四月一日ニ終止スベク其ノ

際永代借地權ハ何等ノ補償ナク日本國法令ノ規定ニ從ヒ所有權ニ轉換セラレベシ右轉換ハ永代借地及其ノ上ニ存スル建物ニ對スル登録稅ノ賦課ナクシテ行ハルベシ

(二) 昭和十七年三月三十一日即チ千九百四十二年三月三十一日迄免稅ニ關スル現狀ハ維持セ

ラルベク且紛議アリタル租稅ニシテ未ダ徵收セラレズ滯納ト爲リ居ルモノニ對シテハ日本

國當局ニ依リ此ノ上納稅ヲ要求セララルコトナカルベシ

本大臣ハ右了解ヲ本問題ノ最終的解決トシテ茲ニ確認スル旨閣下ニ通報スルノ光榮ヲ有シ候

本大臣ハ茲ニ重テ閣下ニ向テ敬意ヲ表シ候 敬具

[Translation]

TOKYO, *March 25, 12 Showa (1937)*.

## EXCELLENCY:

I have the honor to acknowledge the receipt of Your Excellency's Note of today's date in which Your Excellency has informed me as follows:

Confirmation by  
Japan.

On March 4, 1937, I had the pleasure to inform the Imperial Japanese Ministry of Foreign Affairs that the Government of the United States was prepared to accept a mutually satisfactory settlement of the perpetual lease system which originated in former treaties between the United States and Japan, and on that basis I now have the honor, under instructions from my Government, to confirm to Your Excellency the following understanding between the Government of the United States of America and the Imperial Japanese Government:

(1) That the said system of perpetual leases shall come to an end on the first day of the fourth month of the seventeenth year of Showa, corresponding to the 1st day of April, 1942, when the leaseholds shall without compensation be converted into the rights of ownership in accordance with the provisions of Japanese laws and ordinances. Such conversion shall be effected free of registration taxes in respect of lands under perpetual leases and buildings thereon.

(2) That until the thirty-first day of the third month of the seventeenth year of Showa, corresponding to the 31st day of March, 1942, the present position as regards tax exemptions shall be maintained, and no further claims shall be made by the Japanese authorities for arrears of such disputed taxes as may still be uncollected.

I have the honor to inform Your Excellency that I hereby confirm the above understanding for a final settlement of this question.

I avail myself of this opportunity to renew to Your Excellency the assurances of my highest consideration.

NAOTAKE SATO

His Excellency

Mr. JOSEPH CLARK GREW,

*Ambassador Extraordinary and Plenipotentiary  
of the United States of America.*

*The Japanese Minister for Foreign Affairs (Sato) to the American Ambassador (Grew)*

昭和十二年（千九百三十七年）三月二十五日東京ニ於テ

佐藤 武

「アメリカ」合衆國特命全權大使  
ジョゼフ、クラーク、ゲル、閣下

外務省

以書翰啓上致候陳者本日附貴翰ヲ以テ一昭和十七年三月三十一日即チ千九百四十二年三月三十一日迄免稅ニ關スル現狀ハ維持セラルベク一ナル字句ニ依リ千九百四十二年三月三十一日迄現ニ實施中ノ租稅が從來永代借地權者ヨリ徵收セラレタルモノノ外徵收セラルルコトナカルベク又將來設ケラルルコトアルベキ租稅ガ永代借地權ニ直接關係アルモノナルニ於テハ永代借地權者ヨリ徵收セラルルコトナカルベキモノト了解セラルルモノナル旨御通報相成敬承致候

本大臣ハ右ノ點及米國人ノ有スル永代借地權ガ移轉セラルル場合ニ於ケル其ノ地位ニ關スル閣下ノ了解ヲ確認スルヲ欣快トスルト共ニ本解決ヲ見ルニ至レル友誼的精神ニ因リ本解決ガ首尾ヨク實行セラ

ルルニ至ルベキコトヲ等シク期待致候

敬具

[Translation]

Tokyo, March 25, 12 Showa (1937).

MY DEAR AMBASSADOR:

I have the honour to acknowledge the receipt of Your Excellency's letter of today's date in which Your Excellency was so good as to inform me that by the words "until the thirty-first day of the third month of the seventeenth year of Showa, corresponding to the 31st day of March, 1942, the present position as regards tax exemptions shall be maintained", it is understood that until March 31, 1942, no taxes at present in force shall be collected other than those heretofore collected from the leaseholders, nor shall any taxes which may be introduced in the future be collected from the leaseholders if such taxes are directly connected with the perpetual leaseholds.

I take pleasure in confirming Your Excellency's understanding on this point and also with respect to the status of an American leasehold in the event of its transfer, and I reciprocate Your Excellency's hope that the friendly spirit in which this settlement has been brought about will ensure its successful operation.

NAOTAKE SATO

His Excellency

Mr. JOSEPH CLARK GREW,

*Ambassador Extraordinary and Plenipotentiary  
of the United States of America.*