

The company was organized under the laws of Delaware for the purpose of acquiring and operating the electric generating, transmission and distribution system serving the International Settlement in Shanghai, previously owned and operated by the Shanghai Municipal Council.

In 1928, after surveying the anticipated financial requirements of the city of Shanghai for essential capital improvements, as well as projected power needs, the council determined that it would be in the best interests of the municipality if the electric system were sold to private interests and the expansion thereof were financed from private sources. The council then requested bids for the properties and the purchase proposal of American & Foreign Power was ultimately accepted.

Shanghai Power Co. acquired control of the properties in 1929. The company had the exclusive right to supply electricity within the limits of the International Settlement and in that part of the extra settlement areas where the municipal council exercised jurisdiction. The franchise was without limitation as to time, but the municipality had an option to repurchase the entire property at its fair value after 40 years and, if the option was not then exercised, at the end of every 10-year period thereafter.

From 1929 through 1941, when its properties were seized by the Japanese, Shanghai Power Co. continuously and substantially developed and expanded its electric generating facilities. Upon repossession of the properties from the Japanese in 1945, the company immediately commenced an intensive rehabilitation program, it installed new equipment bringing its total generating capacity to 208,500 kilowatts, and it proceeded to make further improvements in the properties.

In 1950, when the Chinese Communist regime confiscated the company's properties, books and records, the investment of the company in plant and equipment was approximately \$60 million exclusive of some \$2 million representing the properties of its subsidiary, Western District Power Co. No compensation for any of the properties seized has been offered to or received by the company. It proved impossible for the company to secure any legal relief in the courts of China against the seizure and, in fact, the company was never even accorded a hearing by the Communist Chinese authorities.

Over 15 years have now passed since the seizure of the company's properties in Shanghai. The Chinese Communist regime has totally disregarded proper international standards and has shown no interest whatever in providing the victims of its property confiscations with any opportunity for the submission of proof of their claims.

The bill now under consideration by the committee represents a constructive step toward attempting to secure a remedy and some measure of justice for the U.S. nationals who until now have had no forum in which to present their claims against the Chinese Communist regime.

The bill, in the same manner as the Cuban Claims Act, provides for an orderly and formal preadjudication of claims by an agency with experience and expertise in proceedings of this character. This system has the great advantage of permitting the submission and preservation of evidence and a trustworthy determination of the amounts of claims before records become lost, before the memories of witnesses fade, and before witnesses die or otherwise become unavailable. It