

DECLASSIFIED

E.O. 11652, Sec 3(E) and 5(D) or (E)

NNDG# 760050

894.635/ 1-145-----12-3149

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DEC 5 1945

Excellency:

I have the honor to inform you that the Supreme Commander for the Allied Powers has reported to the United States Government that he has located the following stockpiles of material in Japan: rubber—10,000 tons; tin—4,200 tons; antimony—1,017 tons. He has also stated that although there are important uses to which these materials can be put in Japan, some portion of them can be made available for export if they are urgently required. The United States Government proposes to request him to maximize the amounts available for export by requiring the Japanese to adopt at least as strict conservation and substitution measures in the use of these materials as were adopted in the Allied countries during the war.

894.635/12-545

On this basis it is believed that the major portion of the stockpiles can be exported.

It is the policy of the United States Government and of the Supreme Commander to require the Japanese to supply exports to

pay

His Excellency

Dr. A. Loudon,

Ambassador of the Netherlands.

DCR - ITP Unit

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-2-

pay for imports necessary to maintain minimum subsistence levels.

It is important that decisions be made promptly with respect to the disposition of these commodities in order that essential imports can be procured without having to use United States Government appropriated funds. In order to accomplish this, it is also necessary to export these commodities to countries which can pay for them in exchange which can be used in the purchase of imports essential to the minimum requirements of the Japanese.

The United States has important requirements for the total available quantities of each of these three items and is prepared to pay for them in dollars usable anywhere for the procurement of necessary imports. It would be appreciated if your government can agree to immediate shipment from Japan of exportable amounts of rubber, tin, and antimony to the United States, subject to future reallocation, if necessary, by the Department of State acting in consultation with the governments represented on the Far Eastern Advisory Commission and with the international allocation authorities operating under the auspices of the Combined Raw Materials Boards. It is our understanding that shipment of these commodities

to

-3-

to the United States is in accordance with the current pattern of world trade and it is believed would be approved by the Combined Raw Materials Boards. If reshipment is decided upon the United States Government will undertake to make the necessary arrangements. Because of the urgency of this matter a prompt reply from your government would be greatly appreciated. A similar communication is being addressed to each country invited to sit on the Far Eastern Advisory Commission.

For your information, it is the policy of the United States Government that for the present it is unwise for security reasons for Japanese nationals to have any direct commercial contact with nationals of the United States or of other countries. Therefore, arrangements have been made for the United States Commercial Company, a subsidiary of the Reconstruction Finance Corporation and an agency of the United States Government, to receive goods from the Supreme Commander and deliver them to consumers as directed by this Government. Its services might be available for deliveries to any other government or country if requested.

This

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This method for arriving at decisions with respect to exports from Japan represented by this note is considered to be temporary. The United States Government will probably propose to the Far Eastern Advisory Commission at an early date that there be set up an Inter-Allied Supply Committee, perhaps as a subcommittee of the Far Eastern Advisory Commission, as a vehicle for consultation between interested countries with respect to disposition of exports from Japan. This Government will probably recommend that such a committee focus its attention particularly on goods in short world supply, permitting other types of products to be distributed to the purchaser offering the highest price, providing that exchange or goods are made available which can be used in meeting the minimum essential requirements of the Japanese for imports.

Discussions are now proceeding looking towards the coordination of the responsibilities of such a committee, if it were set up, with other international arrangements for allocating commodities in short world supply.

Accept, Excellency, the renewed assurances of my highest consideration.

For the Secretary of State:

William L. Clayton

IR eye
Identical note to British Embassy cleared with JA, BC, and FE.

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NOV 26 1945

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11/19/45

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COMMUNICATIONS AND RECORDS
TELEGRAPH BRANCH

ACTION COPY

DEPARTMENT OF STATE

INCOMING TELEGRAM

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CONFIDENTIAL

Office of
FAR EASTERN AFFAIRS
JUN 30 1947
Department of State

Control 9956
Rec'd June 29, 1947
2:47 a.m.

per file

DIVISION OF
NORTHEAST ASIAN AFFAIRS

JUN 30 1947

DEPARTMENT OF STATE

894.659/6-2847

894.635/6-2847

- 8-D
- Action: FE
- Info:
- S/S
- U-E
- A-H
- SA/M
- TUR
- CCD
- CIG
- DC/L
- ITP
- RSP
- OPD
- FC
- DC/R

FROM: Tokyo

TO : Secretary of State

NO : ^{173,} 53689, June 28, 5 p.m.

PRIORITY

FROM SCAP TO WAR (PASS TO SECSTATE)

1. SCAP Headquarters is issuing following to press:

"A spokesman for General MacArthur's Headquarters said:

"There has been brought to the attention of this Headquarters an Associated Press dispatch from London, dated 28 June, quoting a spokesman of the British Foreign Office as saying, 'General MacArthur presumably did not consult the Far Eastern Commission or the British Government before authorizing the Japanese to operate a phosphate project on Angaur Island in the Palau. Press reports of the decision represented the first intimation the British Government has received of the question.'

"The facts of this matter are as follows:

The operation of a phosphate rock project on Angaur, formerly a Japanese mandated island, has been in progress for over a year in order to supply Japan with required fertilizer to increase indigenous food production and reduce the amount of United States appropriated funds required to meet the food deficit in Japan. Such use of stockpiles of phosphate rock on Angaur Island was initially authorized by the Fertilizer Committee of the Combined Food Board, an international body on which the British Government has been represented. Subsequently, a contract was made with J.H. Pomeroy and Company, an American concern, for the

mining of

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894.635/6-2847

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-2-, #C-53689, June 28, from Tokyo.

mining of additional phosphate rock. When funds for this purpose expired, Washington authorized General MacArthur as Commander in Chief of the Far East Command to take over the project and operate it for occupation purposes with Japanese labor. The new arrangement for the conduct of the mining ensures the continuance of this essential enterprise. All expenses involved are being met by the Japanese. The mining equipment, which is American, is to be returned to the United States upon completion of the project.

"Angaur is a part of the Caroline Islands, formerly mandated to Japan but now under the trusteeship of the United States. As Angaur was captured by force of United States arms and is under United States control, there is no question as to the propriety of the United States utilizing the indigenous resources of the island to meet the vital needs of the Allied occupation of Japan.

"The Headquarters spokesman also stated that the reference made by the British Foreign Office to the Far Eastern Commission in connection with the Angaur project is not understood, as the Far Eastern Commission deals only with Japan Proper." End press release.

2. News story in question also stated, "Earlier the spokesman was reported to have said SCAP did not consult the Far Eastern Commission before allocating to the United States 100 of 400 permits for foreign businessmen to enter Japan. This was incorrect, the spokesman having misunderstood a question."

3. British Foreign Office action appears to reflect an attitude (probably arising from disappointment over whaling decision) of seeking any possible chink in occupation administration to exploit as public criticism. This is corollary to Australian attitude manifest inter alia by Evatts June 23 statement which contained dishonesties in implication. It is felt

in highest

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-3-, #C-53689, June 28, from Tokyo.

in highest circles this Headquarters that this evident British Government tendency toward sharp open criticism of the occupation is especially deplorable at juncture when important issues depend upon maintenance of United States and British Commonwealth solidarity. It gives propaganda ammunition to those who for their own ulterior ends oppose our vital policies in world affairs and is exceedingly harmful to Allied interests in this part of the world.

4. Request this telegram be repeated to London and that Department consider instructing Embassy make appropriate representations to British Government.

Note: This telegram NOT repeated to LONDON - CWO-PEP

EHL:PPM

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DEPARTMENT OF STATE

INCOMING TELEGRAM

SECRET

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OFFICE OF
INTERNATIONAL TRADE
POLICY

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1-M

Action: ITP

Info:

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INTERNATIONAL RESOURCES DIVISION Control 10009

1947 JUN 30 AM 8 57

JUN 30 1947

Rec'd June 29, 1947 INTER
6:55 p.m.

FROM: Tokyo

DEPARTMENT OF STATE

TO: Secretary of State

NO: 174, June 29, 7 p.m.

FROM SCAP TO WAR (PASS TO SECSTATE) CITE C 53696.

Reference War 81105 received 28 June, Anguar Island phosphate project.

894.659/6-2847

One. Suggest information in SCAP statement to press 28 June quoted in my 173, June 28, 7 p.m. be communicated to Australian Embassy and that Embassy be further advised: (a) That this headquarters had no knowledge of Australian aide-memoire of 29 May and would have been glad at any time furnish complete information regarding the project which has been in process for more than one year; (b) that information furnished Embassy by Department regarding employment Jap technicians et cetera is correct except, as mentioned in press release, equipment is American which will be returned to United States upon projects completion; (c) that, while Japs will be responsible for supply and maintenance sufficient personnel to insure non-retarding of operations presently under contract to Pomeroy Company, all aspects of operation are and will be under closest continuous observation and supervision by SCAP personnel; (d) that Jap personnel is being and throughout has been segregated in specific area under military government inspection and control; (e) that all Jap personnel will be returned to Japan on completion of project.

Two. Australian aide-memoire casts new light on British Foreign Office spokesman's statement cited in my telegram under reference as, notwithstanding discussion between Department and Australian Embassy, it says

incorrectly

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FILED
JUL 14 1952

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-2- #174, June 29, 7 p.m., from Tokyo

incorrectly in so many words there was no discussion with any ally. This reinforces our impression that at Australian instance British Government is deliberately looking for possibilities of criticism of SCAP. Another example appears in MA Melbourne message C 3547 quoting Melbourne HERALD: "The manner in which General MacArthur has granted the Japanese permission to send a second whaling expedition to the Antarctic, with what appears to be a brusque disregard of America's undertaking to consult other interested powers, is a justification for the protest that Australia has made."

Three. Telegrams from WD this subject since March give no indication any international problems in connection with it. Although Australian aide-memoire was presented 29 May this headquarters had no knowledge thereof until receipt of War 81105 as routine message today, subsequent to issuance our press release and despatch by telegram under reference. SCAPIN 1736 to Japanese Government on Anguar project was issued 21 June and could have been withheld pending clarification with Australian Embassy if we had known Australia was raising objection. It is extremely embarrassing to this headquarters to proceed on instructions from Washington and later learn of foreign objections and find itself the target of false and unwarranted foreign criticism.

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