

Exhibit 2775

58

INTERNATIONAL MILITARY TRIBUNAL FOR THE FAR EAST

THE UNITED STATES OF AMERICA, et al

-vs-

ARAKI, Sadao, et al

SWORN DEPOSITION (Translation)

Deponent: Adachi, Yasuo

Having first duly sworn an oath as on attached sheet and in accordance with the procedure followed in my country I hereby depose as follows.

Affidavit of Yasuo Adachi

(1) The outline of my career is as follows: --

I graduated from the metallurgy section in the Engineering department of the Imperial University in 1919 (Taisho 8); in the same year, I was given the position of assistant engineer in the Mining Bureau of the Ministry of Agriculture and Commerce; in 1921 (Taisho 10) I was made an engineer of the Mining Bureau as well as of the Ministry of Agriculture and Commerce; in 1926 (Taisho 15), I assumed the additional post of engineer of the Investigation institute of Fuel; in 1929 (Showa 4), the additional post of the Secretariat Statistics Section of the

Commerce and Industry Department. In 1937 (Showa 12) I was made the manager of the Iron Industry Committee. In 1938 (Showa 13), I became an engineer of the Temporary Commodities Readjustment Bureau as well as engineer for the Bureau of Commerce and Industry. In 1939 (Showa 14), I was made secretary of the Production Expansion Committee, and in the same year, I took the position of expert member of the Ship-Building Committee; thus until the time of my resignation from the position of the chief of the Steel Section of the Metal Bureau of the Ministry of Commerce and Industry in 1943, I served in planning out administrative work concerning iron and steel of the Japanese Government. After resigning from public office I held the position of director of the Nittetsu Mining Joint Stock Company from 1943 (Showa 18) to 1946 (Showa 21). During those years I was head of the investigation department of that company, and later head of the investigation department and of the mining department. In 1946 (Showa 21) I became director of the Kanto Dolomite Industrial Joint Stock Company and continued in the position until 1947 (Showa 22) when the company was dissolved. At the present time I am the director of an engineering and construction company.

I have factual knowledge of the Iron-Steel administration of the Japanese Government and the condition of production and consumption of iron and steel. All the tables attached to and

made past of this affidavit were prepared by me from statistics and sources enumerated herein.

(2) After the first European War, the price of iron and steel dropped abruptly. The fall in the price of steel-material during the period from 1918 to 1934, is shown in Table I.

As is shown in the "Reference Materials Concerning Iron Manufacture" compiled by the Metal-Bureau of the Department of Commerce and Industry in August, 1934, the average price of bars and plates in each year is shown in the table in index members with the standard of 100 for 1918. As the table shows, the price of bars was 100 in 1918, depreciated to 33 in 1921 and continued to depreciate year after year until in 1931 it had become 15. Its depreciation thus was 85 percent. The price of plates was 17 in 1921 and 8 in 1931. Thus the depreciation was 92%. In addition to this, in those years Japan was menaced by the import of iron and steel from foreign countries. For this reason the immature iron and steel work of Japan suffered a staggering blow. For instance, among about two hundred iron and steel manufacturers operating during the first European War, about 150 went into bankruptcy. The other 50 or so manufacturers were for a long time suffering extraordinary hardship at no commercial profit. Accordingly the Ministry of Commerce and industry in about the year 1931 considered how to overcome the crisis and at the same time

investigated means of bettering iron and steel manufacture as a step toward remedying these conditions in Japan.

The main points of consideration in the days when Japanese iron-manufacturers were in this chaotic situation are as follows:-

- (a) According to the iron and steel statistics compiled by the Yahata Iron Factory in December, 1931, the annual consumption of steel-material by one American, Belgian, Frenchman, German, Englishman and Japanese is as set forth Table II to make the table much plainer, index numbers are shown as follows: --

Japan	America	Belgium	France	Germany	Britain
1	7.24	3.45	3.12	2.98	2.45

Accordingly, it was predicted that Japan's consumption of iron and steel would increase to a certain extent in accordance with the development of her civilian economy. As for practical methods from the standpoint of economical consideration, it was prearranged that for the most part, raw-material would be supplied from foreign countries and that iron-materials would be manufactured in Japan to meet Japanese needs.

- (b) The industrial rationalizing movement and the increased production movement which took place in all nations after the first European war were examples of world-

wide tendency. Japan thought then that she would be left for behind financially unless she followed this tendency. ~~For instance,~~ according to the statistics made by the Mining Bureau, the status of steely production in America, England, the Soviet Union, Australia, Germany, and Japan was as shown in Table III expressed in real numbers, in index numbers, and in a graph of index numbers. This index-number-graph starts in 1932 with 100 and continues until 1940.

During the above term, each nation listed shows a generally rising line. In 1940 the index for America rose to 4.26, England rose to 2.54, Soviet Union rose to 3.40, Australia rose to 5.44 (1939), Germany rose to 4.65 and Japan rose to 2.84. Authorities of the Ministry of Commerce and Industry thought it appropriate to take measures as follows as the method of attaining the purpose described in the above (a) and (b).

(a) Revision of Tariff. As shown on Table 4, 1920 - 1925, there was an import tariff of 15% on the most useful steel material. This was increased to 20% on bars and plates in 1926 and in 1932 it was further raised to 25% ad valorem but conditions did not improve. To meet war economics after the China Incident in 1937, the import duty was lifted.

(b) Establishment of the planning system.

This problem had been considered by experts in iron

and steel for a very long time. The government finally decided to establish an investigation society for the promotion of iron manufacture, and this society held several conferences after 1915 (Taisho 5). All the reports indicated the need for concerted effort among iron manufacturers. A plan finally materialized in 1933 as follows:

The purpose of this planning system was to establish a company able to compete with foreign countries from the standpoint of economic consideration. For instance it was necessary to make the economic foundation of planned accounts of the new company firm and stable. For the purpose, six companies had to be dissolved in order to form a new company. The property valuation of those companies was calculated in a reasonable manner, and from their estimated values one third was discarded.

(3) The above enterprise was materialized solely for the purpose of dealing with an urgent problem which Japan faced at that time and had not any other special purpose. The next step was to establish a scheme for expansion to prepare for an increase of demand in the future. Essential points of consideration in the plan were as follows: --

(a) Japan was extremely poor in natural resources both in quantity and in quality. Accordingly real self-sufficiency was almost impossible. About in 1934, since there were few able

persons in the military and naval forces who had the knowledge of this kind of enterprise --- the Ministry of Commerce and Industry planned it out merely from the standpoint of economy.

At that time, as a method of measuring the demand in the future, the demand for steel-material in each year from 1896 to 1930 (including export and internal consumption) was shown in a diagram and from it the amount of demand in the future was calculated mathematically as a standard. In the above figure was included the amount of military and naval demand, which was estimated approximately less than 10 percentage of the whole. **However, judging from the condition of natural resources and geographical environment in Japan, the Commerce and Industry Ministry was of the opinion that while there was room for the increase of steel production, Japan had no choice but to depend upon the import of raw materials, especially minerals. As the collateral security for these imported minerals, Japan was forced to increase the amount of exported steel and machinery. Consequently, the Commerce and Industry Ministry, taking these conditions into consideration, estimated that the future demand and supply would be at such a level as shown by the aforementioned calculated standard. Accordingly, the presupposed demand of the army was calculated at the same rate as that of the period from 1896 to 1930, and no more. There was no demand from military or naval forces for a larger amount.**



The plan as above, based purely upon an economic view, was expected to come to an end about in 1938. The actual results were as presupposed. They are given as follows: --

- (a) The production of pig-iron and steel-material definitely increased. (Table V & VI.) The production of steel-material went up to the maximum in 1938, the year after the outbreak of the Chinese incident. However, owing to the unexpected outbreak of the Pacific War, production decreased despite the demand during war time. The under-production was caused by the decrease in the supply of scrap. The consumption of scrap-steel during the period from 1932 to 1942 is as follows according to page 308 of the above stated statistics.  
(Mining Bureau)

Def. Doc. No. 1688

Year	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942
Consumption. Unit 1000 ton	1,301	1,905	2,538	3,121	3,336	4,393	4,264	4,660	4,405	3,299	3,829

Def. Doc. # 1688

The source of Supply for this consumption was import, and the largest place of supply was America. The amount of import was as follows:  
(3 pages from No. 2420 of the above statistics)

	1000 tons.										
	%										
Year	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942
America	154	545	960	1926	1027	1776	1006	2174	1115	109	--
Australia	28	35	48	48	56	84	30	93	66	3	--
India	113	194	100	96	139	200	81	107	77	1	--
Others	264	329	304	227	275	359	241	181	132	90	38
Total	559	1012	1412	1692	1692	2419	1357	2555	1390	203	38

The production of pig-iron increased year after year from 1932 to 1942. Accordingly the consumption of iron-ore increased naturally. However, the supply of ore had to come from other countries. (Table VII)

Since Japan is situated geographically in a most convenient place for importing iron-ore from the East and the South, she imported it from those regions. The method was purchasing the ores or procuring mining rights

Def. Doc. # 1688

through economic negotiations.

(b) Except in 1937, the import of steel-material decreased exactly as presupposed by the Ministry of Commerce and Industry. (See Table VIII).

(c) The export of steel-material increased as presupposed by the Department of Commerce and Industry. In 1937 export decreased because of the Chinese incident, but until the outbreak of the Pacific war, steel-material was exported to a certain extent. (Table IX)

(d) Export of machines. The export of machines, that is, export of transformed steel-material, was extremely large. (Table X)

The expansion plan which was established by the Ministry of Commerce and Industry was for civil economy I know of no plan for promoting war. Accordingly, it is impossible to say that self-sufficiency was attained. Larger production was planned out of necessity since Japan was destined to turn from a farming country to an industrial country, as a counter-measure to the increase of population. Therefore the plan had to be established upon ample consideration of the general economic situation. Thus the above (a) to (d) are the natural results that the expansion plan brought about, and it is based completely upon economic views. We authorities of the Ministry of Commerce and Industry believed firmly that we were able to guide the subconscious power of the Japanese people in contributing to the elevation of their economic life.

(4) In 1937, the old peace time economy turned into war time economy. Accordingly the consumption of iron was greatly revolutionized. There were no complete statistics of consumption in Japan. Consequently the Ministry of Commerce and Industry estimated the amount of every year's consumption by the following formula, --

$$\text{Consumption} = \text{production} + \text{import} - \text{export}.$$

This is accurate as long as there is no variation in the amount in Store-houses at the end of the year. Its result is given in table XI its tendency describes plainly the fact which was stated in (3), namely, that complete self-sufficiency is virtually impossible. Moreover, the production of steel-material decreased side by side with the development of the Chinese incident. The degree of decrease was affected greatly by the prohibition of export of scrap-iron by America in 1940. Monthly import of scrap-iron is shown as follows :--

(Unit = 1000 Tons)

Import Statistics (The finance department)

Month	Jan.	Feb.	March	April	May	June	July	August	Sept.	Oct.	Nov.	Dec.
1940	165	165	138	125	102	99	57	71	111	171	96	89
1941	50	54	30	25	9	5	6	5	4	7	2	3

As opposed to this, the production of pig-iron went on increasing. This was caused by the need for taking a counter-measure to the decrease in import of scrap-iron. At the same time, however, it was inevitable that the amount of iron-ore in the store-house must decrease rapidly. For instance, the amount in store at the YAWATA Foundry, which held 90% of the entire amount of stored ore in Japan was as follows :--

(Unit 1000 Tons)

(Iron-ore cooperative council)

March, 1940	March, 1941	Sept. 1941	March, 1942	Sept. 1942
3,324	2,900	2,049	1,177	882

Accordingly, combination rate of pig-iron and scrap-iron at the iron manufactory had to be changed according to prevailing conditions. Combination rates of pig-iron and scrap-iron in steel-ingot are as follows every year from 1935 to 1941.

From data of the iron-ore cooperative council

(Unit 1000 Tons)

	Consumption of pig-iron	Consumption of Scrap-iron	Combination pig-iron	Scrap-iron
1935	2075	2981	41	59
1936	2358	3213	42	58
1937	2336	4085	36	64
1938	2276	4142	35	65
1939	2932	4521	39	61
1940	3409	4189	45	55
1941	4051	3418	54	46

Steel manufacturing met with extreme difficulty in operation.

Production inevitably decreased gradually. Moreover, hand in hand with the progress of the Chinese incident, the demand of the army gradually increased.

Accordingly the demands of the people were compelled to decrease extremely.

For instance the demand of the people in 1945 was 2,150,000 tons. This amount is almost the same as the demand in about 1925. The comparative

Def. Doc. # 1688

consumption of the fighting forces and the people cannot be set forth as no figures are available as there are no statistics of the Department of Commerce and Industry we will use "The plan for Mobilizing Materials" from 1935 -- 1944. These results are shown in Table XII. As I stated before, the military demand had been ten percent or so of the total consumption from old days to 1936. Since 1937, in order to respond to the urgent need of completing the China Incident many war measures were taken to meet the increasing Military demand. Still more, together with the expansion of the fronts, there was a reason that the exports in the past should be directed to the occupied territories (Yen bloc) to meet an urgent demand. I do not know the proportion of military and civilian exports used in these yen bloc areas. Internal supplies, in Japan were limited. As stated above, the supply for the people in 1941 was reduced to the degree of about twenty years ago. But as the Table XI shows, because of the decrease of production, it was necessary to give only minimum supply to the people, and in spite of the war, measures were taken to relieve the assignment-rate to a certain extent. However, in such a situation, it was extremely difficult for the prosecution of the war and the operation of the civil economy to go on side by side smoothly.

On this 28 day of May, 1947

at Tokyo

DEPONENT /s/ Adachi, Yasu (seal)



Def. Doc. # 1688

I, SUZUKI, Isamu hereby certify that the above statement was sworn by the Deponent, who affixed his signature and seal thereto in the presence of this Witness.

On the same date

At Tokyo

Witness : /s/ SUZUKI Isamu (seal)

OATH

In accordance with my conscience I swear to tell the whole truth withholding nothing and adding nothing.

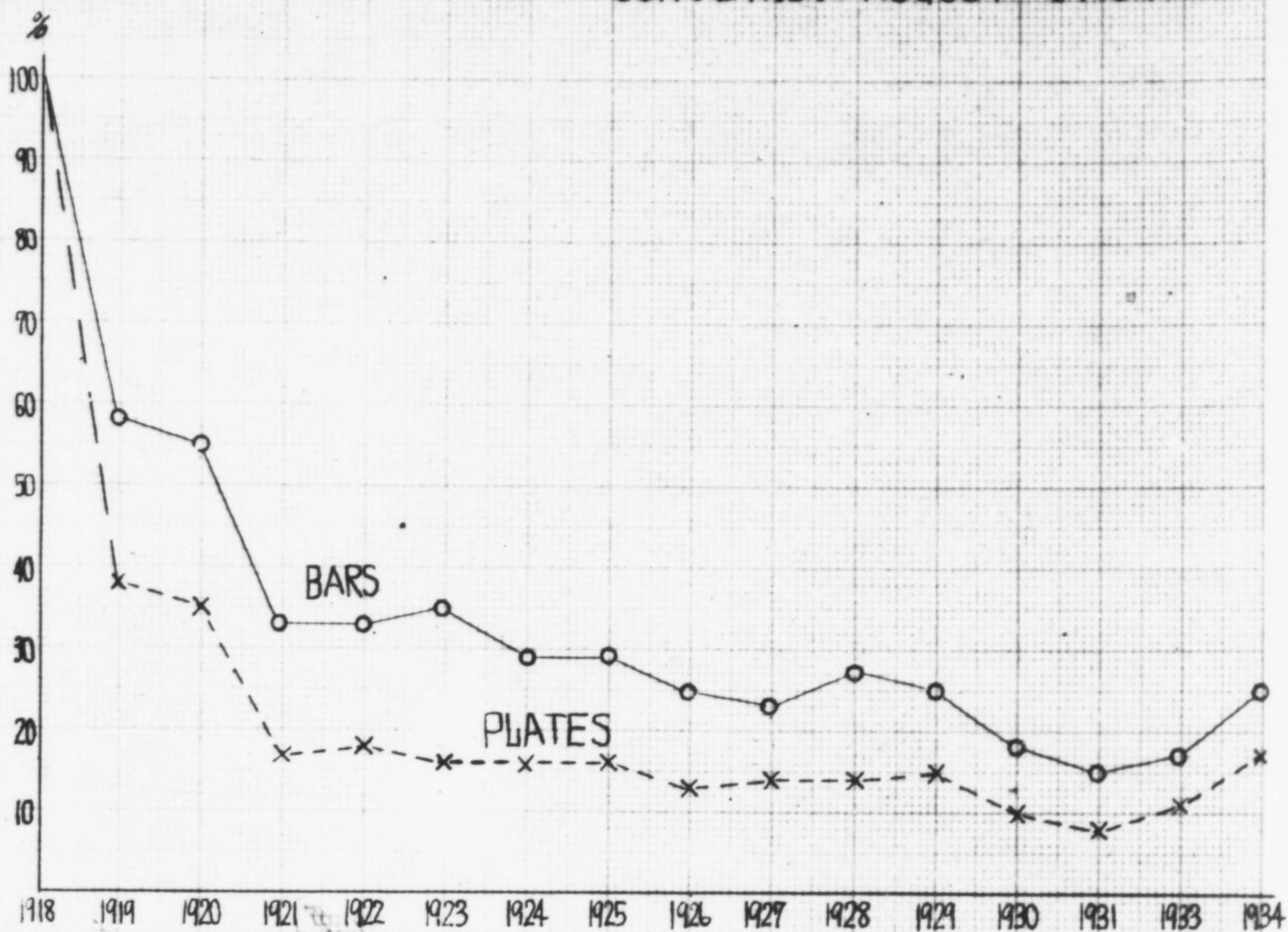
/s/ ADACHI, Masuo (seal)

P.L. I

Def. Doc. No. 1688

MARKET PRICE OF BARS & PLATES

(IRON AND STEEL STATISTICS: BUREAU OF MINES, DEPT. OF COM. & IND. AUGUST 1943)



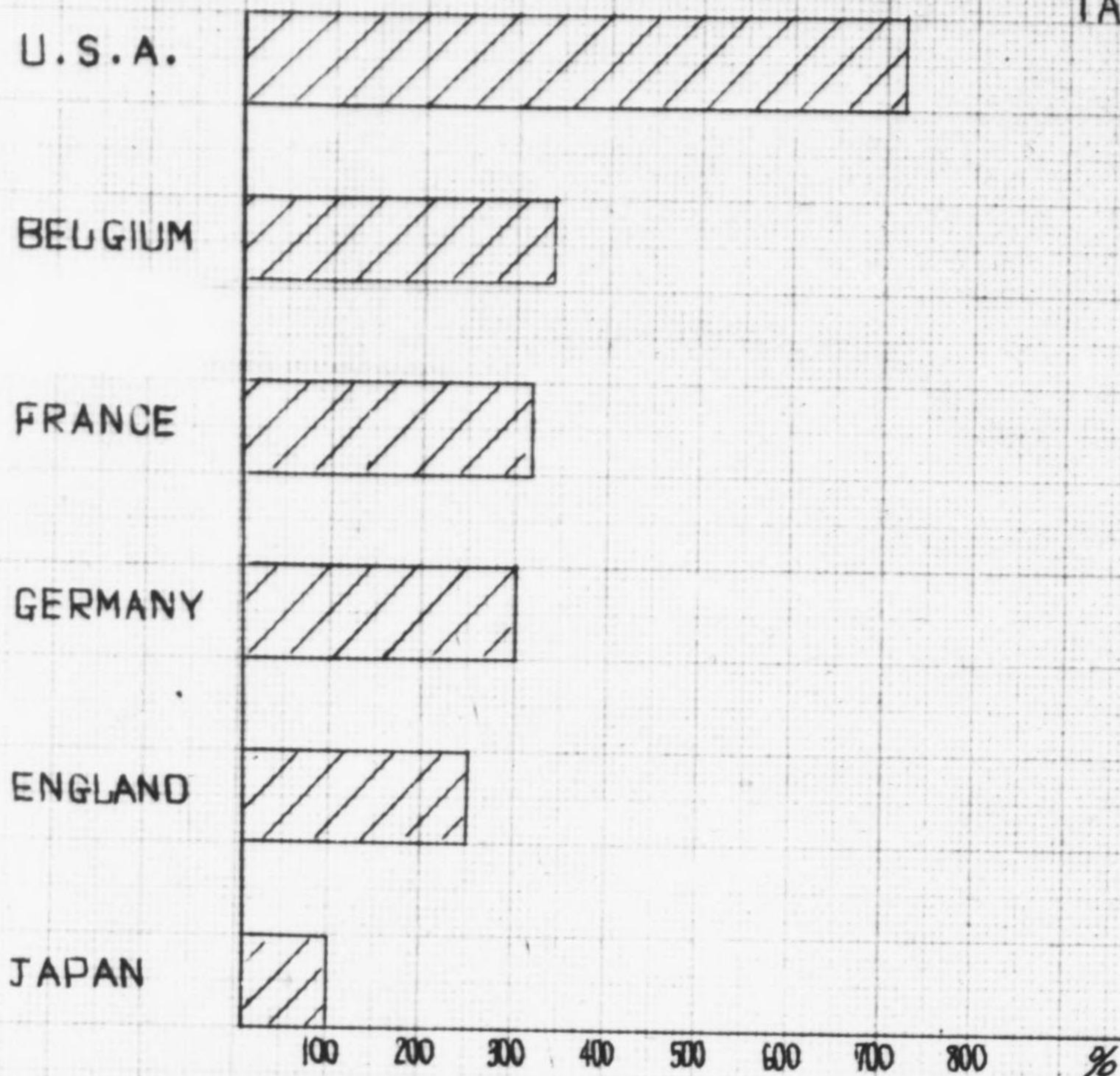
BARS	PRICE ¥	390	230	215	131	127	136	115	111	97	84	109	97	71	58	66	97
	INDEX	100	58	55	33	33	35	29	29	25	23	27	25	18	15	17	25
PLATES	PRICE ¥	834	320	294	140	149	197	135	134	111	115	114	123	84	66	93	110
	INDEX	100	38	35	17	18	16	16	16	13	14	14	15	10	8	11	17

PL. II.

Def. Dec. No. 1688

STEEL CONSUMPTION PER CAPITA PER ANNUM

(STATISTICS OF IRON AND STEEL: GOVERNMENT STEEL WORKS,  
YAWATA DEC 1931)



REMARKS

	STEEL CONSUMPTION PER CAPITA PER ANNUM	INDEX (JAPAN 100%)
U.S.A.	304 <sup>KG</sup>	724%
BELGIUM	145	345
FRANCE	131	312
GERMANY	125	298
ENGLAND	103	245
JAPAN	42	100

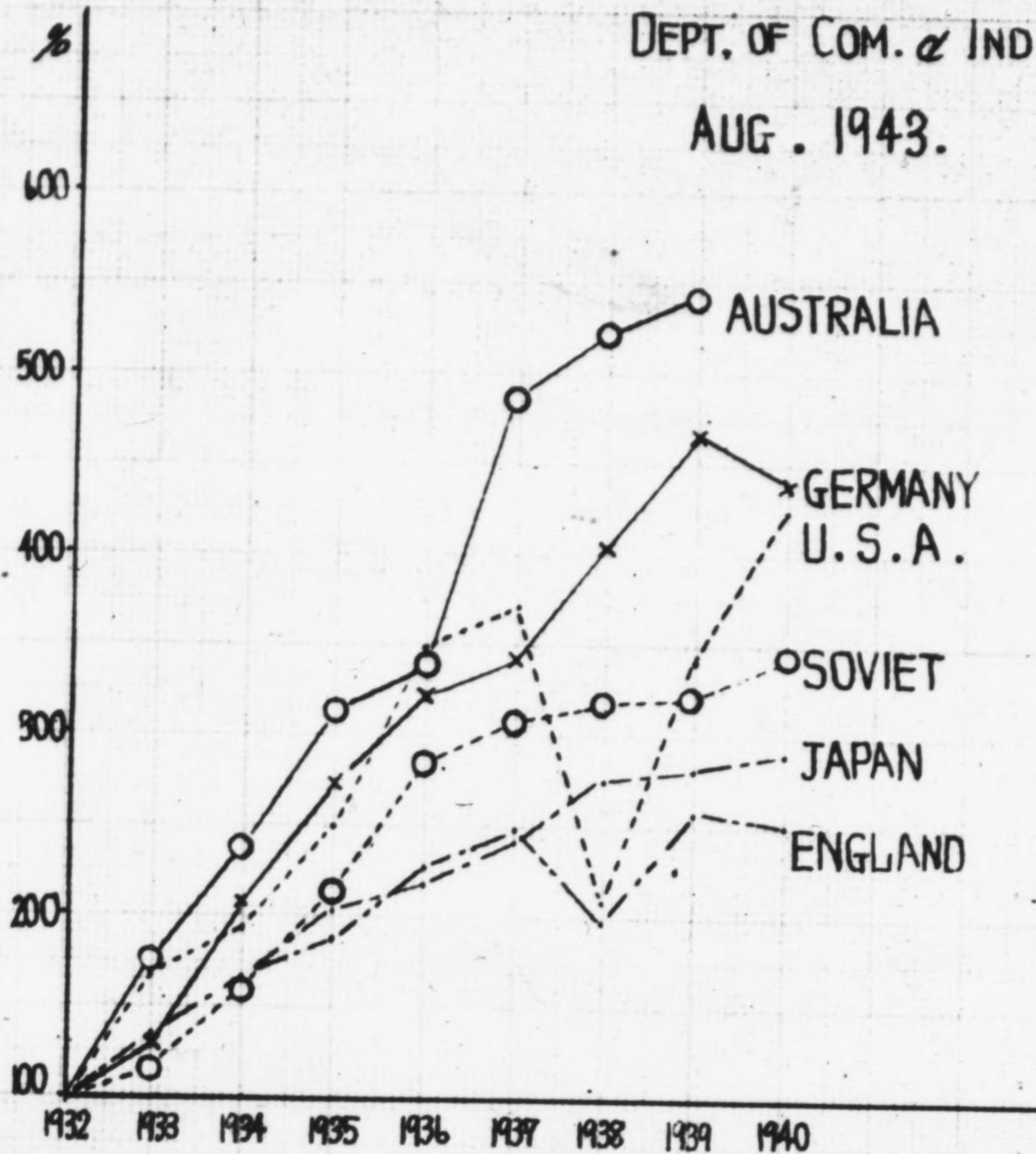
A. CONSUMPTION IN JAPAN  
EQUALS TO ABOUT 1/3 OF EUROPEAN  
POWERS & 1/4 OF U.S.A.

B. CONSUMPTION IN JAPAN  
WILL BE INCREASED RAPIDLY WITH  
HER TENDENCY OF PROMOTION OF  
CIVIL LIFE.

INGOT PRODUCTION OF LEADING COUNTRIES  
(IRON & STEEL STATISTICS: BUREAU OF MINES)

DEPT. OF COM. & IND.

AUG. 1943.



U.S.A. PROD. 1000 <sup>T</sup>	19900	23104	26472	34138	48532	51377	28303	44898	59193
INDEX	100	170	190	249	349	369	207	344	426
ENGLAND PROD. 1000 <sup>T</sup>	5345	9136	8991	10016	11973	13491	10510	13975	13107
INDEX	100	133	118	187	224	247	197	256	254
SOVIET PROD. 1000 <sup>T</sup>	5800	6841	9514	12446	16240	17824	18447	18995	19996
INDEX	100	118	165	214	281	307	317	323	340
AUSTRALIA PROD. 1000 <sup>T</sup>	224	349	526	908	912	1091	1161	1219	-
INDEX	100	178	235	316	340	487	521	544	-
GERMANY PROD. 1000 <sup>T</sup>	5990	7611	11927	16095	18995	19898	23262	26898	25537
INDEX	100	131	206	278	325	343	402	465	442
JAPAN PROD. 1000 <sup>T</sup>	2398	3203	3908	4801	5310	5903	6597	6807	6968
INDEX	100	134	163	200	221	246	274	284	291

PL. IV.

## REVISION OF TARIFFS.

## IMPORT DUTY

	1920 ~ 1925	1926 ~ 1931	1932 ~ 1937
BAR & SHAPE	15% AD. VAL.	* ¥1.10 PER PCL.	◎ ¥1.48 PER PCL.
PLATES	15% AD. VAL.	* ¥1.10 PER PCL.	◎ ¥1.48 PER PCL.
BLACK SHEET	15% AD. VAL. (RAISED TO 18% IN MARCH, 1924)	¥2.85 PER PCL.	¥3.84 PER PCL.

## REMARKS

1. SINCE AUG. 11TH, 1937. IMPORT DUTY WAS <sup>MADE</sup> FREE  
(TO MEET THE WAR ECONOMICS AFTER THE CHINA INCIDENT)
2. \* EQUIVALENT TO 20% AD. VAL.  
◎ EQUIVALENT TO 25% AD. VAL.

## EXPORT DUTY.

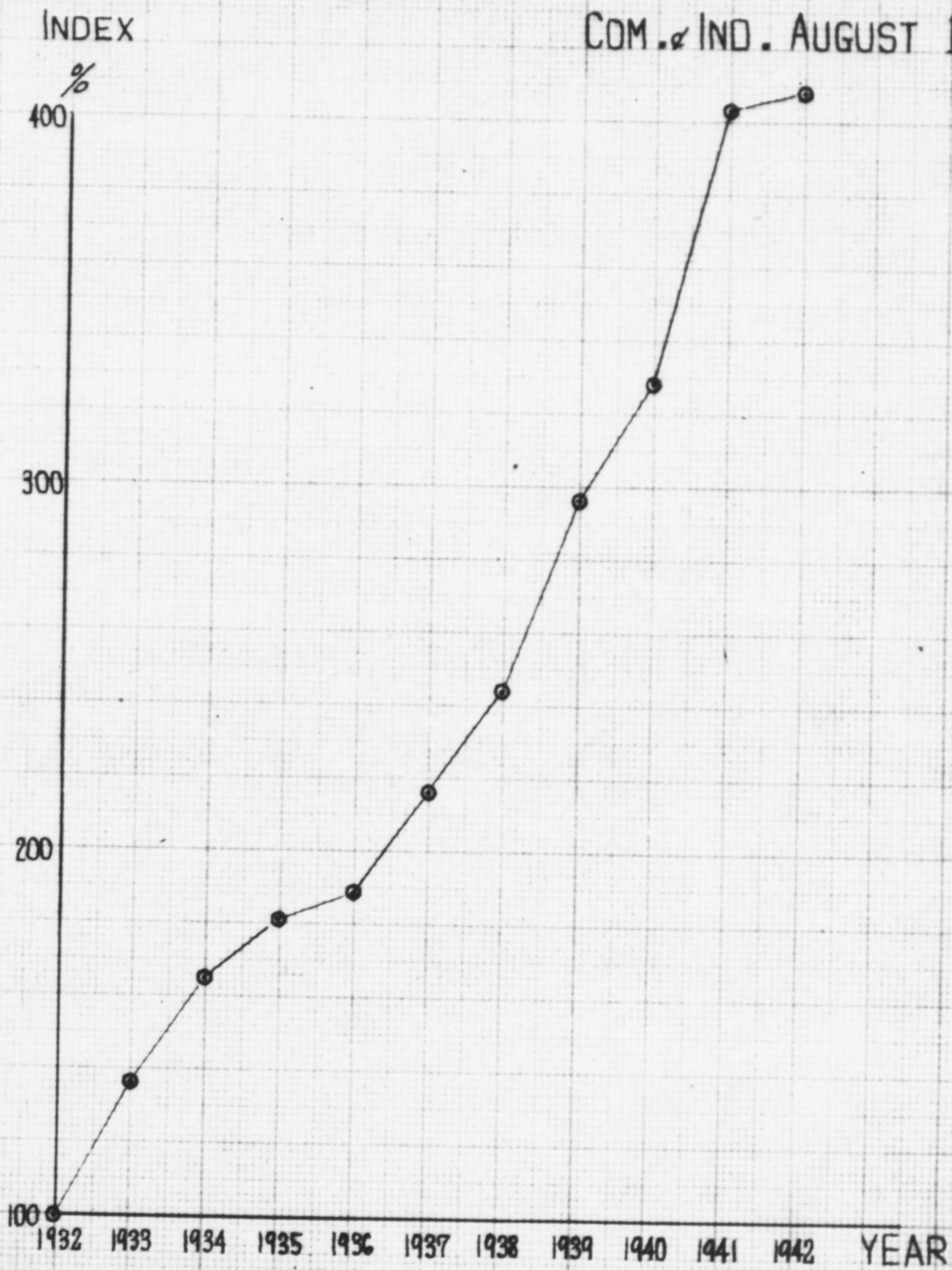
FREE THROUGHOUT THE PERIOD.

PL.V.

Def. Doc. No. 1688

PRODUCTION OF PIG IRON

(IRON & STEEL STATISTICS: BUREAU OF MINES, DEPT. OF COM. & IND. AUGUST 1943)



YEAR	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942
PRODUCTION <sup>T</sup> <sub>1000</sub>	1172	1597	1938	2118	2216	2534	2857	3474	3852	4722	4785
INDEX %	100	196	165	181	179	216	244	296	328	408	408

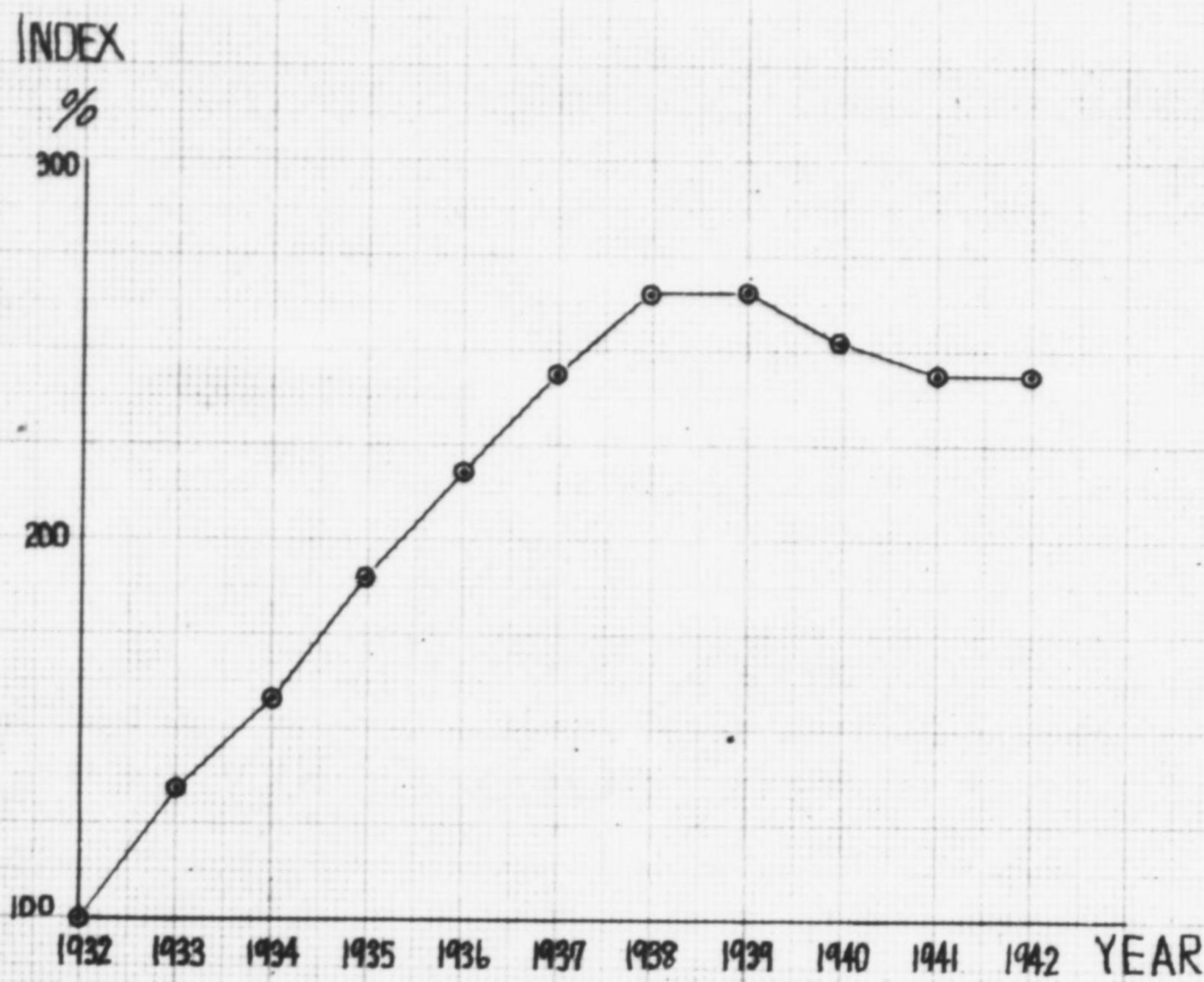
PL. VI.

Def. Doc. No. 1688

PRODUCTION OF FINISHED STEEL

(IRON AND STEEL STATISTICS: BUREAU OF MINES)

AUG. 1943.



PRODUCTION 1000 T	2112	2791	3344	4030	4604	5146	5580	5527	5346	5164	5194
INDEX %	100	134	158	190	218	244	264	262	253	244	246

REMARKS

PRODUCTION OF FINISHED STEEL.

- a. REACHED MAXIMUM IN 1938 - THE NEXT YEAR OF THE CHINA INCIDENT.
- b. SHOWS DECREASING TENDENCY UNTIL THE BEGINNING OF THE PACIFIC WAR.
- c. SHOWS SLIGHT INCREASE IN 1942, BUT SUCCEEDED BY RAPID DECREASE.

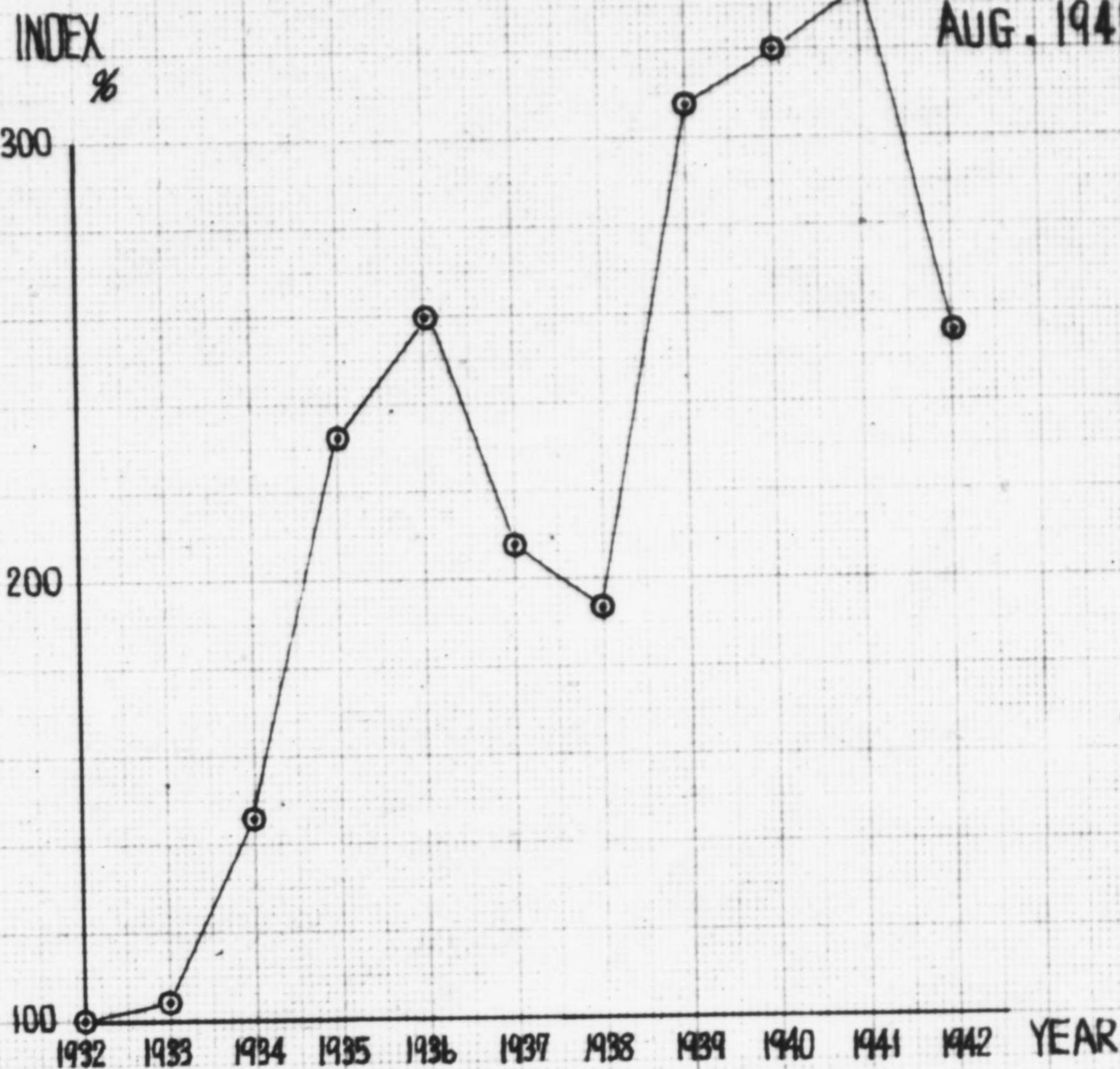
PL. VII.

Def. Doc. No. 1688

IMPORT. OF IRON ORE

(IRON AND STEEL STATISTICS: BUREAU OF MINES)

AUG. 1943.



IMPORT 1000 <sup>T</sup>	1482	1599	2169	3439	3828	3078	2919	4568	4737	4446	3797
INDEX %	100	104	146	232	260	208	194	308	320	334	256

REMARKS

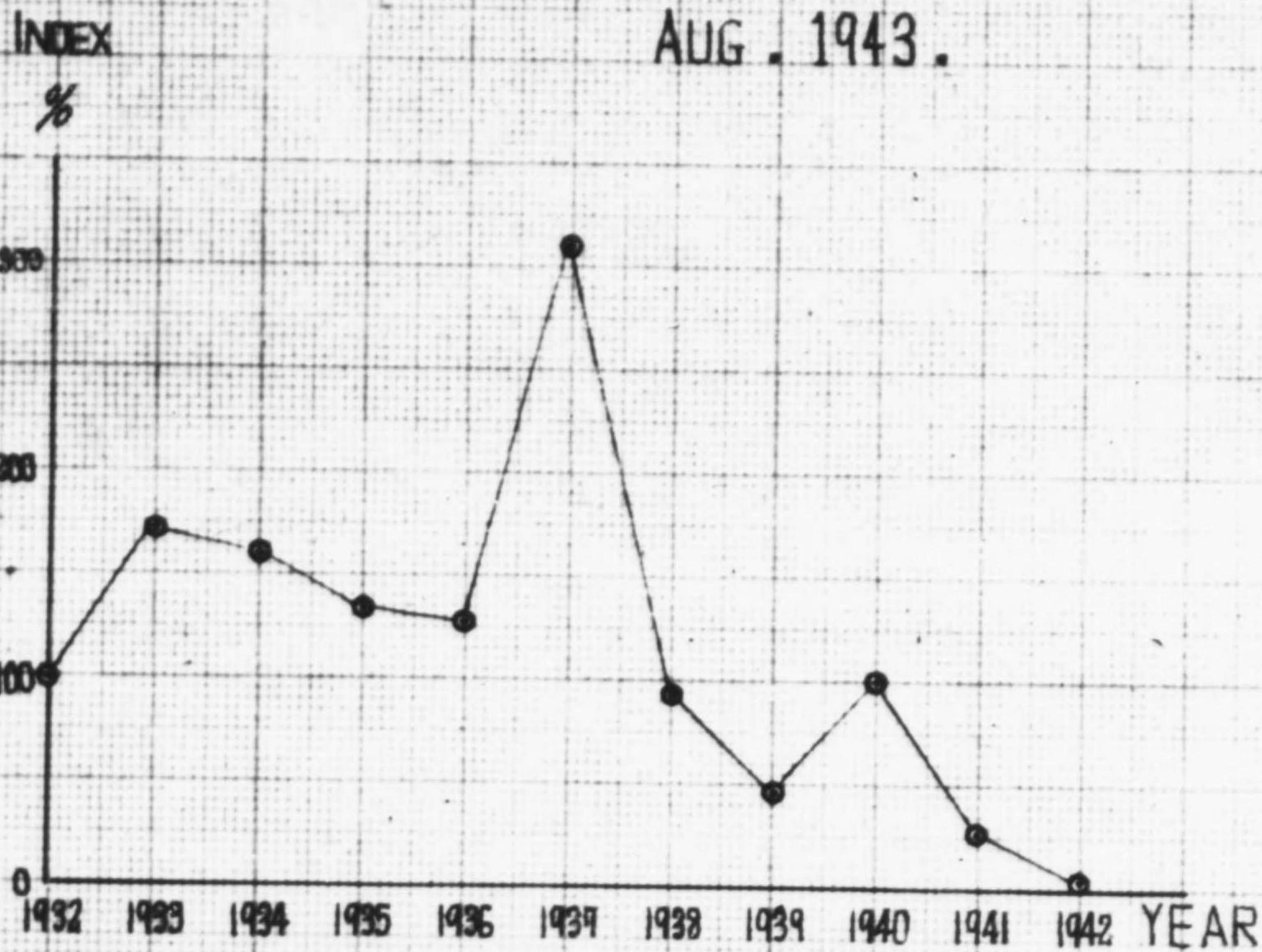
- a. TO PROMOTE THE IMPORTATION THE DUTY WAS FIXED FREE.
- b. JAPAN IS LOCATED CONVENIENTLY FOR THE IMPORT OF IRON ORE FROM THE RESOURCES OF THE EASTERN ASIA AND THE SOUTHERN PACIFIC AREA.
- c. JAPAN GOT HER NEEDS OF IRON ORE BOTH BY PURCHASING FROM FOREIGN COUNTRIES AND BY TAKING MINING CONCESSIONS UNDER PURE CIVIL ECONOMIC NEGOTIATIONS.



IMPORT OF FINISHED STEEL

(IRON & STEEL STATISTIC: BUREAU OF MINES)

AUG. 1943.



IMPORT 1000	284	403	373	319	301	727	219	113	239	61	12
INDEX %	100	172	160	137	129	311	94	48	100	25	5

REMARKS

- A. GOVERNMENT INTENTION TO DECREASE THE IMPORT WAS SUCCESSFUL; ANNUAL IMPORT DURING THE PERIOD 1933~1936 WAS ALSO IN DECREASING TENDENCY.
- B. IN 1937 THE IMPORT WAS MUCH INCREASED BECAUSE OF THE CHINA INCIDENT.
- C. BUT THE ANNUAL IMPORT IN THE PRE-PACIFIC-WAR PERIOD WAS MUCH LOWERED AGAIN.

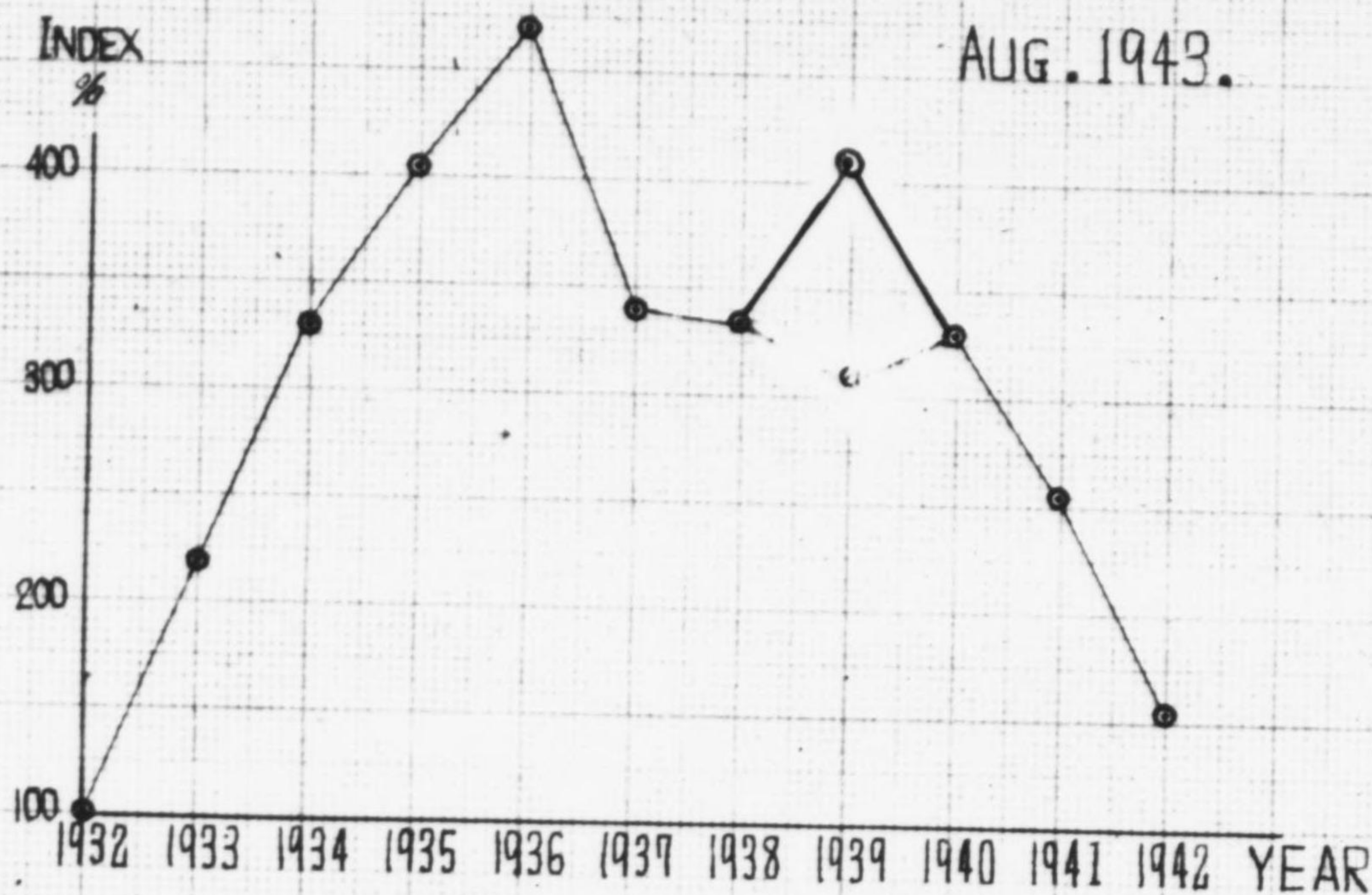
PL. IX.

Def. Doc. No. 1688

EXPORT OF FINISHED STEEL

(IRON AND STEEL STATISTICS: BUREAU OF MINES)

AUG. 1943.



EXPORT <sup>1000</sup> t	123	267	401	500	578	418	412	505	405	314	188
INDEX %	100	217	326	407	470	340	335	411	329	255	153

REMARKS

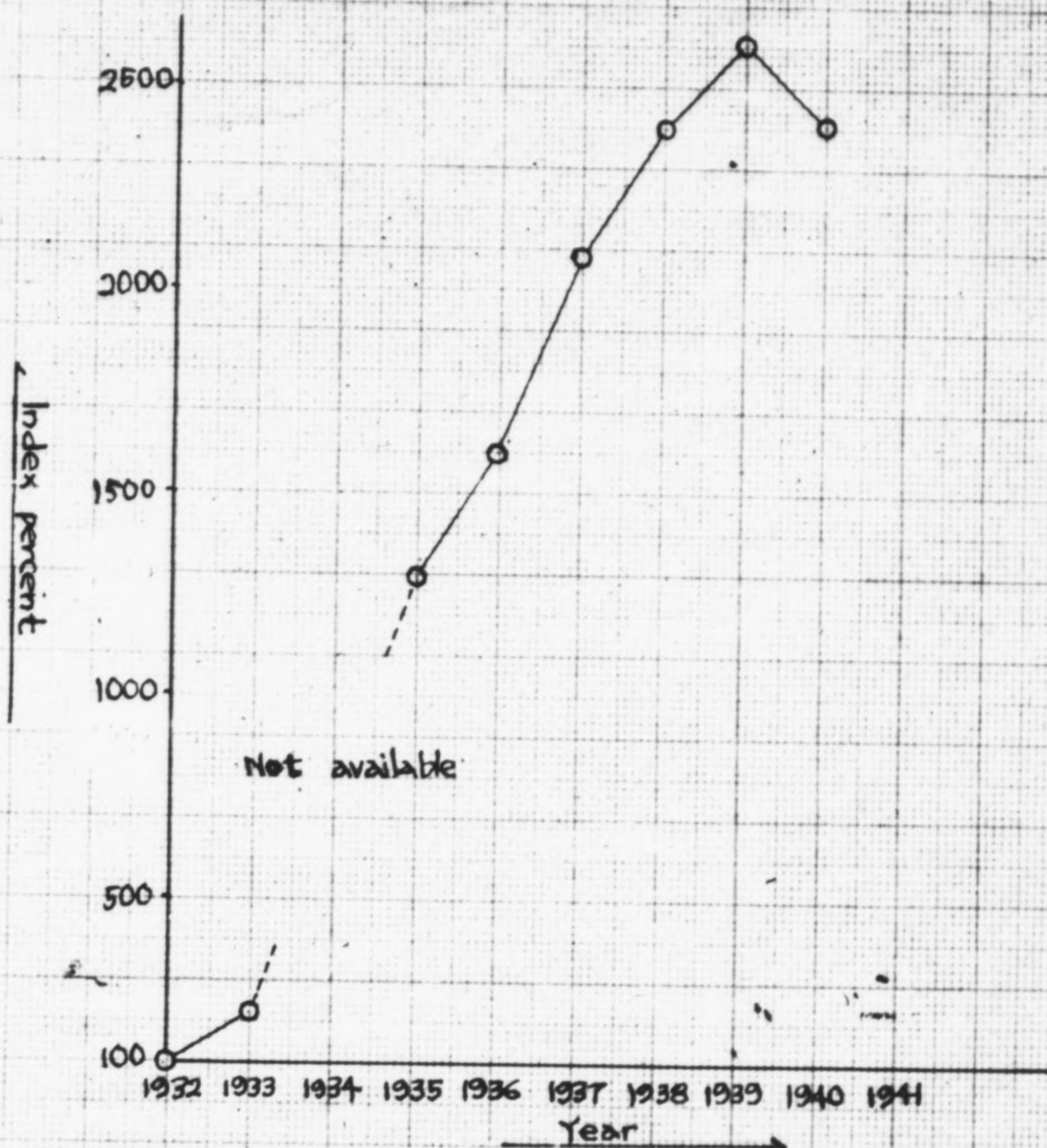
- a. GOVERNMENT INTENTION TO INCREASE THE EXPORT WAS GENERALLY SUCCESSFUL; ANNUAL EXPORT DURING THE PERIOD OF PRE-CHINA-INCIDENT SHOWS RAPID INCREASE TO ABOUT ~~470,000~~ <sup>500,000</sup> AS AGAINST 30,000<sup>t</sup> IN 1926-1929.
- b. IN 1937 THE EXPORT DECREASED TO ~~310,000~~ <sup>410,000</sup> DUE TO THE CHINA.
- c. ANNUAL EXPORT IN THE PRE-PACIFIC-WAR PERIOD WAS CONSIDERABLE IN AMOUNTS.

PL. X

EXPORT OF MACHINERY

Def. Doc. No. 1688

(Foreign Trade Statistics : Board of Trade.)



Export 1000 Yen 10,240 29,657 - 141,206 174,540 227,699 267,237 288,220 267,165 -

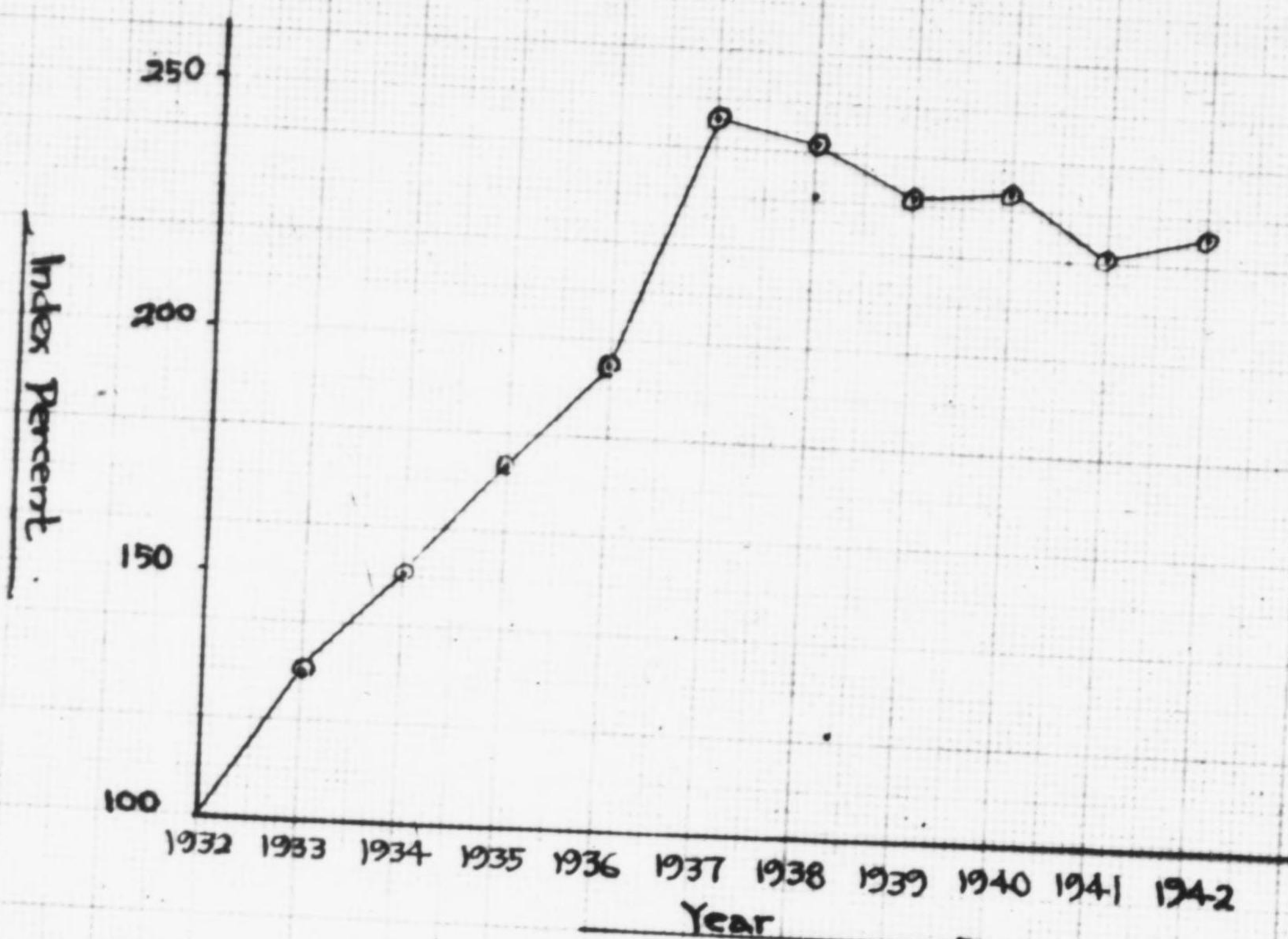
Index % 100 236 - 1200 1595 2081 2443 2634 2441

Remarks :

- a. Export of Machinery - conversion of Finished Steel into Machinery - is tabulated here.
- b. The tonnage is not available in this statistics, but as prices of machineries during these period dropped yearly, the increase of quantities of finished steel exported in the form of machineries were supposed to be more remarkable.
- c. Figures are from Japanese Tariffs: clocks, scientific instruments & other machineries.

# PL. XI CONSUMPTION OF FINISHED STEEL

(Iron and Steel Statistics, : Bureau of Mines.)



Consumption 1000 <sup>t</sup>	2223	2927	3316	3849	4327	5456	5387	5136	5174	4911	5019
Index %	100	132	149	173	194	245	242	231	233	221	226

### Remarks :

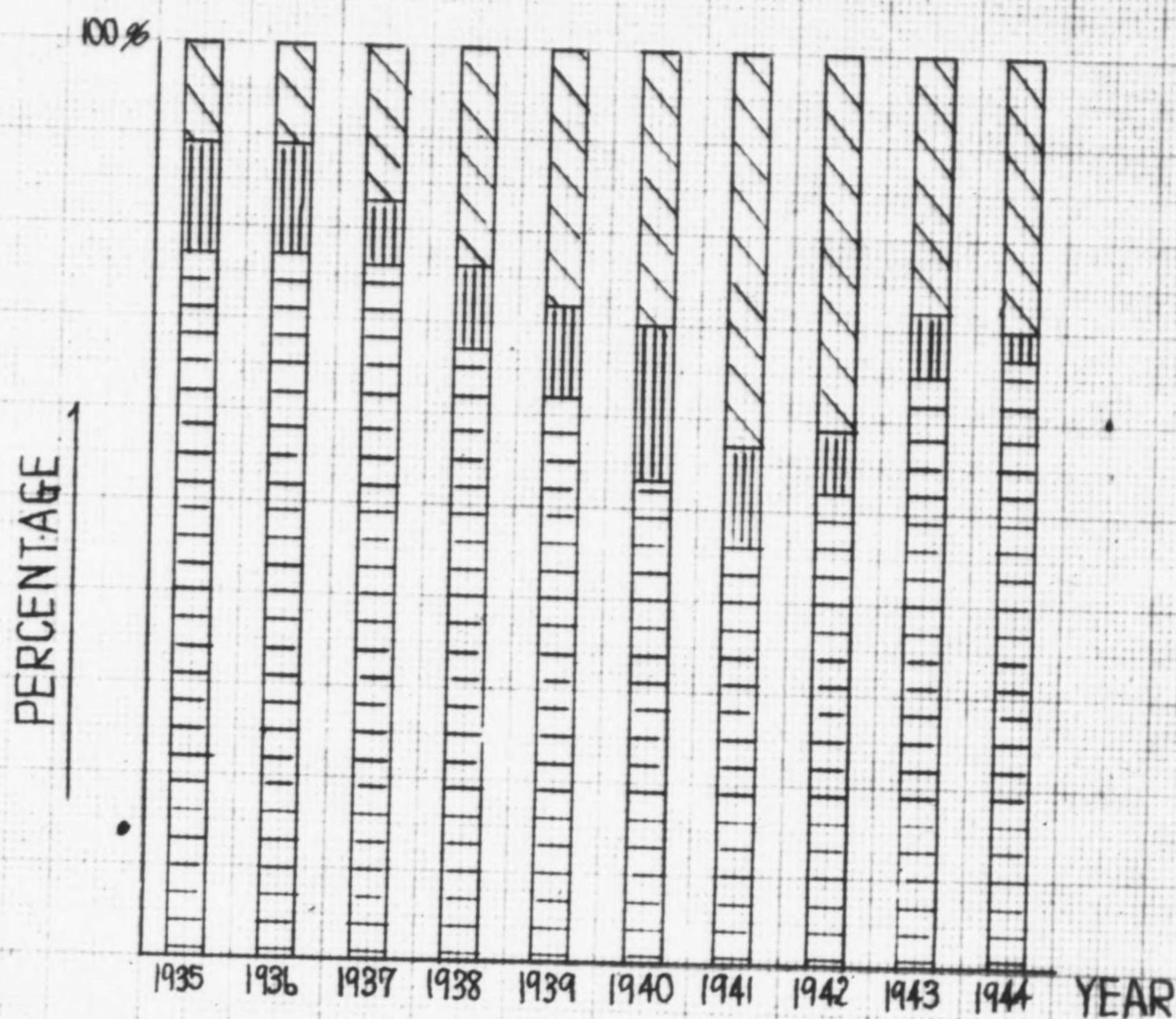
- Annual consumption of finished steel during the pre-Pacific War period rose steadily to meet the promotion of the civilian life in Japan.
- It is rather in descending tendency during the period 1938 ~ 1941, the pre-Pacific-War period.


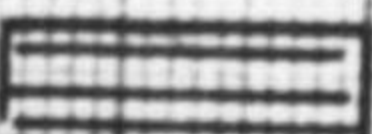
PL. XII.

Def. Doc. No 1688

CONSUMPTION OF FINISHED STEEL,  
MILITARY & CIVILIAN USES.

(DATA PRESENTED TO "BOMBING SURVEY", ORIGINATED  
IN THE MATERIAL MOBILIZATION PLAN.)



MILITARY USE 1000 <sup>T</sup> INDEX %	400	450	1000	1000	1344	1993	1979	1658	1314	1163	
YEN BLOCK 1000 <sup>T</sup> AREA INDEX %	48	597	398	393	479	790	528	311	335	126	
CIVILIAN USE 1000 <sup>T</sup> INDEX %	2746	3312	4517	2971	2910	2493	2146	2002	3049	2573	
GRAND TOTAL 1000 <sup>T</sup> INDEX %	3594	4299	5915	4164	4733	4676	4153	4051	4698	3842	

REMARKS :

THE ABOVE DATA WAS PRESENTED IN 1945 TO THE U.S., "BOMBING SURVEY" BY THE  
IRON AND STEEL CONTROL ASSOCIATION, WHICH WAS ORIGINALLY MADE BY THE GOVERNMENT  
AS "THE MATERIAL MOBILIZATION PLAN."