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or prestige is so unethical and of such great impropriety that positive action to stop it should be taken immediately," and that if MacGowan "is using or permitting to be used government prestige or expense for private profit, he is to be informed immediately of the termination of his services." (Exhibit C)

8. Meanwhile, on or about 9 December 1945, subjects had both returned to Shanghai from Tokyo and had resumed negotiations for the purchase of large quantities of pearls which culminated on 14 December 1945 in an outright purchase of over three thousand strands of pearls. Information was also received that Goldstone and MacGowan were making arrangements to return to the United States by air as soon as possible and that they intended to take the pearls with them.

9. Transportation of the pearls by air back to the United States, or an attempt to do so, would, in addition to any other wrongs committed by subjects, constitute a direct violation of the provisions of Circular No. 48, Rear Echelon, Headquarters U.S. Forces, China Theater, dated 8 April 1945, which specifically states that "No person shall use any means of transportation to export, transport - - - - out of this Theater - - - - any article, merchandise, material or equipment for commercial purposes." (Exhibit D).

10. On 14 December 1945, a conference was held by the Deputy Chief of Staff, the Theater Judge Advocate General and the Director, Criminal Investigation Division, to determine the action to be taken, with respect to subjects. It was decided that if subjects, or either of them, were to attempt to leave the China Theater by air with a commercial cargo, they were to be detained for investigation, the cargo seized pursuant to the provisions of Circular No. 48, air transportation cancelled and subjects returned to the U.S. by water transport in order that this report could reach proper authorities in Washington, D.C., before subjects reached the United States.

11. On 15 December 1945, Goldstone purchased a ticket on the Globester for return to the United States after obtaining a two hundred pound excess baggage allowance from the Theater Priority Board for "official" purposes. The normal baggage allowance for air passengers is sixty-five pounds. In addition to the two hundred pounds of baggage thus allowed, Goldstone also had an excess baggage weight of eighty-two pounds for the transportation of which he paid at the rate of four dollars and sixty-five cents (\$4.65) a pound, making a total charge of three hundred eighty-one dollars and thirty cents (\$381.30). (Exhibit E) It was also ascertained that MacGowan was planning to leave Shanghai for the United States within a few days after Goldstone's departure. As will be seen, subsequent events made it impossible to determine whether MacGowan was also planning to carry any commercial articles back to the United States for private profit.

12. On 15 December 1945, Mr. Maverick returned to Shanghai for an overnight stop en route to Manila. He was informed fully of all developments in the subject investigation to date. He again requested the fullest possible investigation of the activities of MacGowan and Goldstone and addressed a letter of instructions to the Commanding General, for the

-4-

Criminal Investigation Division, in which he authorized and requested a complete investigation of this case. (Exhibit F)

13. Mr. Maverick also prepared a radio addressed to the Smaller War Plants Corporation, Washington, Info State Department, ~~in~~ which was sent out on 17 December 1945, with the concurrence of the Secretary to the General Staff. In this radio, Mr. Maverick denounced the private business transactions of Goldstone and MacGowan, requested that MacGowan's employment be terminated, and that the Senate Small Business Committee, the State Department and Attorney General's Office be notified. Mr. Maverick also approved of holding up plane transportation for MacGowan and Goldstone and returning them to the United States by ship. (Exhibit G)

14. On 17 December 1945, Mr. Goldstone boarded an ATC plane, at Kiangwan Airfield, bound for Manila en route to the United States. After the plane had taxied into position, just before it took off from the field, Mr. Goldstone and his luggage were removed from the plane after he admitted that one of his bags contained over three thousand strands of pearls, for which he had paid over twenty thousand dollars (\$20,000.00) in United States currency, and almost six million dollars (CN\$6,000,000.00) in Chinese National Currency for Chinese export duty and incidental charges.

15. The bag containing the pearls was seized from Mr. Goldstone pursuant to the provisions of Circular No. 48, and he was given a sixty day notice and receipt, dated 17 December 1945, which informed him of his right to make a written request to the Commanding General, China Theater, setting forth the reasons, if any, why the seized property should be returned. (See Exhibit D, par. VIII and Inclosure #1)

16. On 18 December 1945, Mr. Goldstone, after having been advised of his rights to remain silent and not to make any statement, written or oral, executed and swore to the truth of a written statement attached hereto. (Exhibit H). At the same time, Mr. MacGowan, who was similarly and fully advised of his rights to remain silent or make any oral or written statements he desired, refused to make any written statement but did consent to answer some questions. A statement of the material information secured at a conference on 18 December 1945, attended by MacGowan, Goldstone and the undersigned, is also attached hereto. (Exhibit I)

17. The ensuing part of this report is a chronological statement of the material facts disclosed in this investigation relative to the transaction of private business by Goldstone and/or MacGowan while they were presumably engaged on an official mission in China for the United States Senate Small Business Committee, and while they were travelling on government transportation under official auspices.

18. The first advice received by the Office of the United States Consul in Shanghai regarding subjects was a radio from the Secretary of State, dated 17 October 1945, which stated that MacGowan and Goldstone were being sent as "a mission to China" by the Senate Small Business Committee. (Exhibit J). This radio outlined an itinerary of Chungking, Hankow, Canton, Shanghai, and Tientsin. Although five

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cities in China are mentioned, subjects are only known to have visited one of them; and although no mention of Japan is made, subjects are known to have made a six day trip to Tokyo. This radio further stated that the "precise itinerary and purpose of mission will be set forth in circular telegram to be transmitted later". The latter referred to circular telegram was allegedly never received by the Consulate, nor were any other official communications relative to their mission in China except for radio requesting information asked for in first radio be expedited.

19. It is necessary to explain at this point that the Shanghai American Consulate has ruled that no interrogation of their personnel or examination of their records, relative to subjects, would be permitted without the prior consent of the State Department. Accordingly, an official request was made for such permission to the Shanghai Consul General, who has stated that such request has been forwarded to the Secretary of State. To date no reply has been received. With a few minor exceptions, therefore, it has not been possible to secure any official information from the Consulate and all references to information secured or available from the Consulate staff or records must be considered to be unofficial.

20. Subjects are believed to have arrived in Shanghai on or about 22 November 1945. The Consulate was informed of their arrival but were led to believe that one of the party was a United States Senator, which mistaken impression was not corrected until some time later. Throughout this investigation the undersigned have noted that people with whom subjects dealt were left with the impression that one or both of the subjects were either United States Senators or members of a Senate Committee. Attached as an exhibit hereto is a calling card used by Goldstone which reads "Joe Goldstone - United States Senate Small Business Committee - 5 North Wabash Avenue, Chicago, Illinois." (Exhibit K)

21. Both Goldstone and MacGowan possessed letters signed by Senator James E. Murray, Chairman of the Small Business Committee, which sets forth their mission and authority in the vaguest sort of terms. The letter to Goldstone is dated 1 September 1945 and is set forth in his statement (Exhibit H). It designates him as "Consultant of Foreign Trade to the Far East" and speaks of "assigning important studies to you". But the letter neither expressly nor impliedly authorizes a trip to China or anywhere else outside of the United States. MacGowan's letter is more lengthy but he would not submit it to be copied nor would he make any statement regarding his mission or authority. (Exhibit I).

22. Prior to leaving the United States on the subject trip, Goldstone had sent at least three cables to a woman named Eve LIPKOVSKY, a Shanghai resident who had been in the employ of the Imperial Pearl Syndicate in Chicago intermittently from 1937 to 1939. According to Miss Lipkovsky this "was the firm of Mr. Joseph Goldstone." (Exhibit L). This was also the firm in whose name Goldstone later purchased the pearls which he attempted to take with him out of China. (Exhibit Q)

23. The first of these cables inquired "if the pearls were still available". The other two cables stated that Mr. Goldstone was coming to Shanghai and asked Miss Lipkovsky to get in touch with him upon his arrival. (Exhibit L)

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24. Miss Lipkovsky is the daughter of MOSES LIPKOVSKY, owner of the Cathay Jewellery, Shanghai, and a dealer in pearls and other gems. After Miss Lipkovsky's return to Shanghai from the United States, Goldstone asked the Lipkovskys to assemble and send him a shipment of pearls. This transaction was not consummated due to the outbreak of the war in December 1941. (Exhibits L,M)

25. Immediately after their arrival in Shanghai, Goldstone and MacGowan got in touch with the Lipkovskys and Goldstone asked them to secure a large amount of pearls for him which they immediately set about doing. Ultimately, one lot of over three thousand strands was assembled of a total value of over twenty thousand dollars (\$20,000.00). This was the shipment which Goldstone had with him when he attempted to leave China on 17 December 1945 and is as set forth in Invoice No. 1066 of the Cathay Jewellery (Exhibit Q). This invoice was made out to the Imperial Pearl Syndicate, 5 North Wabash Ave., Chicago, Illinois, which is the same address as appears on the Senate Small Business Committee calling card used by Goldstone (Exhibit K)

26. The Lipkovskys also prepared another shipment of approximately eight thousand five hundred dollars (\$8500.00) worth of pearls which purportedly they were to ship to Goldstone by water. (Exhibits H,L, M,N)

27. The first shipment was sold on 14 December 1945. (Exhibit Q) On the same day negotiations were begun for clearing the shipment through Chinese customs and an advance payment of almost six million dollars (CN\$6,000,000.00) Chinese National Currency was made against the export duty (Exhibit R). Customs clearance was completed on the following day, and on the same day a consular invoice was secured (Exhibit S).

28. Goldstone had already made arrangements to fly back to the United States and the consular invoices showed that the pearls were to be taken back by "Air Express" as "baggage of Mr. Joe Goldstone". (Exhibit S). The Chinese customs invoice described the shipment as "1 case Pearls by Airplane for U.S.A." (Exhibit R).

29. Captain James L. King, ATC Priorities and Control Officer, has stated that on 13 December 1945, Goldstone had asked him to secure passage to the United States on the Globester and that Goldstone purchased his transportation on 15 December 1945. Ordinarily, passengers are only allowed sixty-five pounds of baggage when travelling by air. However, Goldstone had secured a two hundred pound allowance from the Theater Priority Board for "official" purposes. Goldstone asked Captain King to erase from his priority certificate the word official as pertaining to his baggage allowance and also the description of his baggage. Captain King did this on one copy but left the other two unchanged. (Exhibit U)

30. Captain King had been informed of the pending investigation of Goldstone and was acting with the knowledge of the Criminal Investigation Division in complying with Goldstone's requests to conceal the nature of his baggage. When Goldstone was removed from the plane on 17 December 1945, a search of his baggage was made in his presence, and with his consent, by the undersigned. At that time the baggage consisted of the case of pearls, personal clothing and effects, some silk goods and kimonos which Goldstone said were intended as gifts, and a few manila folders with papers which Goldstone characterized as official. The latter

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did not weigh more than one pound at most.

31. Captain King stated that Goldstone told him of his desire to build up "an organization for manufacturing costume jewelry, particularly jade and Siamese Zircons", and that Goldstone and MacGowan "indicated that they were going to build up a large organization and wished me to work with them." King stated that Goldstone also said that he would later wire King "concerning future plans for me to represent his interests in China". (Exhibit U)

32. At the time that Goldstone was purchasing the pearls from Moses Lipkovsky, he took the latter to the Shanghai branch of the Chase Bank and introduced him to the manager, Mr. Petersen. Goldstone told Petersen that Lipkovsky "was to be his representative in Shanghai for the purpose of purchasing pearls for him. He told Mr. Petersen that he was going to deposit \$100,000.00 with the bank, and that as I shipped pearls to him and presented the papers to the bank I was to be paid from this deposit. Then when Mr. Goldstone received the pearls in the United States he would deposit the amount in the bank again so that I would always have enough money on hand to pay for any shipment I would make, no matter how large it was". (Exhibit M). This accords with the statement of this proposed transaction given by Mr. Eric A.G. Petersen, Manager of the Chase Bank in Shanghai. (Exhibit O).

33. Mr. Petersen also stated that he had seen in Goldstone's possession letters of credit in the total amount of one hundred thousand dollars (\$100,000.00) in addition to an unspecified amount of travellers checks. Petersen cashed two drafts for Goldstone in the total sum of sixteen thousand six hundred dollars (\$16,600.00). (Exhibit O).

34. Moses Lipkovsky introduced Goldstone and MacGowan to a Mr. A. Beerbrayer, who is described as "one of the biggest pearl dealers in Shanghai" and refers to an agreement entered into between Goldstone and MacGowan. (Exhibit M). Mr. Beerbrayer states that even before Goldstone's arrival in Shanghai, Lipkovsky had been in touch with him to tell him "that a dealer was coming over from the United States to buy pearls." Lipkovsky wanted Beerbrayer to hold his entire stock of pearls for the expected American dealer, which Beerbrayer tentatively agreed to do. (Exhibit P).

35. Goldstone was introduced to Beerbrayer "as being the biggest pearl dealer in the United States", and MacGowan was introduced as "a member of the United States Senate and a very important man". Goldstone told Beerbrayer "that he wanted to buy my entire stock of pearls because he wanted to corner the whole market on pearls." (Exhibit P)

36. Beerbrayer's stock of pearls was valued by agreement at about four hundred thousand dollars (\$400,000.00). Goldstone showed Beerbrayer two letters of credit for fifty thousand dollars (\$50,000.00) each, and travellers checks for about twenty thousand dollars (\$20,000.00). This accords with what Mr. Petersen had seen in Goldstone's possession. (Exhibit O). However, because of local restrictions on exchange these letters of credit could not be readily cashed. Since Beerbrayer was insisting on payment in cash, Goldstone asked for and received from Beerbrayer an option to purchase three hundred eighty three thousand three hundred sixteen dollars (\$383,316.00) worth of pearls. (Exhibit T).

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The option was dated 3 December 1945 and was to expire on 10 December 1945, and was signed by Goldstone. To convince Beerbrayer of his ability to pay Goldstone showed him a cable from his bank in Chicago agreeing to advance three hundred thousand dollars (\$300,000.00) against the merchandise. This transaction was not completed due to the failure of the parties to agree on the method of payment. (Exhibit P). Beerbrayer also refers to Goldstone and MacGowan's trip to Japan "to find out about the pearl industry there".

37. Captain SAMANTO QUAIN, DC, ASN O-1717411, presently stationed in Shanghai, stated on 19 December 1945 that he was an acquaintance of the Lipkovsky family and had had dinner there on several occasions. One time, early in November, he had been there when Miss Eve Lipkovsky had received a cable from Goldstone stating that he was coming to Shanghai soon and telling her to "keep going". On a later occasion he had been in their home when MacGowan, Goldstone and Beerbrayer were also there. The discussions throughout the evening had been in regard to pearls with most of the talk centering around an attempt by Goldstone and Beerbrayer to come to an agreement for the sale of pearls to the former by the latter. In the course of the conversation, Captain Quain heard Goldstone say, "I want to control every pearl coming in to the United States or I don't want any at all". Goldstone asked Captain Quain about the possibility of the latter getting a package through to the United States for Goldstone, which Quain refused to do. Goldstone also mentioned that he could get the "dried fruit business away from MacGowan" if he wanted to, at a time when MacGowan was not present. Captain Quain also told of hearing another unidentified army officer remark about "two smart guys who got government transportation to China to corner the pearl market."

38. As a result of the facts elicited in this investigation, action has been taken to cancel all air priorities previously given to the subjects. This will leave them with no alternative other than to return to the United States by water, and every effort is being made to expedite their return in this manner.

39. It is noteworthy that after MacGowan learned of this investigation and the cancellation of his air priority, and after he had attempted to return to the United States by air without success, he informed the undersigned on 19 December 1945 that he was trying to go to Chungking "to carry out his mission for the Senate Small Business Committee."

COMMENTS:

1. There is some doubt as to the existence of proper authority for subjects' trip to China and later to Japan. Such credentials as have been seen do not specifically authorize the trips and fail to indicate the purpose or extent of their mission abroad. However, even if their trip was authorized there seems no doubt that its purpose was abused and corrupted into a venture for private gain. There was no attempt on the part of either of these "representatives of the Senate" to cover any part of China but Shanghai until after they had vainly attempted to return to the United States by air.

2. It has been clearly established that even before coming to China from the United States, Goldstone had already entered into negotiations for the purchase of pearls in China and had been in communication

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with his friends here for that purpose. He further evidenced that purpose by bringing with him to Shanghai a sum of money so large that it could not have been used for any but his own personal business ends. Immediately after his arrival in Shanghai he set to work on consummating his idea of a corner of the pearl market and persevered in it throughout his stay in China and up until the day of his scheduled return to the United States with an ardor and zeal which would have been most laudable had it been devoted to the ostensible purpose of his trip abroad. It is very apparent that subjects could not have done a great deal of work officially as a great part of their time was taken up in attempting to consummate the corner on the pearl market.

3. Both MacGowan and Goldstone have been guilty of the most flagrant misrepresentation of their official status and position. The belief that they were members of the Senate or of the Small Business Committee has been too widespread to be entirely accidental or not due to their careful fostering of such misapprehensions. (See Exhibits K, L, M, N, O, P, U, and paragraph 20 of Details supra).

4. Although Goldstone was undoubtedly the principal in the business transactions carried on in Shanghai, it is admitted by MacGowan that he was fully aware of what Goldstone was doing and that he could see nothing improper in it (See Exhibit I). MacGowan's presence throughout all of Goldstone's negotiations and business manipulations is adequately established by all other parties to the transactions. (See Exhibits L, M, N, O, P, U). As to the propriety of such dealings, how are the American business men being served when their very "representatives" are using their cloak of official authority to deny to others an opportunity for fair and open competition on equal terms?

5. It has obviously not been possible for the undersigned to ascertain the circumstances surrounding the means by which the subjects, particularly Goldstone, were able to arrange this trip in the United States. Nor has it been possible as yet to secure any information concerning their activities during their six day stay in Japan, although their preoccupation with the pearl industry there as in China bespeaks their neglect of all other phases of small business.

6. The refusal by Goldstone and MacGowan to discuss their activities in China and Japan under the poor guise that it is the concern of the Senate alone is not the open honesty and frankness normally expected from men innocent of any wrongdoing, particularly from representatives of our government. Goldstone was able to remember to include in his sworn statement a "tentative offer" to buy five or six thousand dollars worth of pearls and he actually denied the existence of a written or oral agreement or any discussion relative to one signed by him only a short time before, involving the purchase of almost four hundred thousand dollars worth of pearls (See Exhibits E, I, P, T). Although Goldstone was quick enough to flash his letters of credit for a hundred thousand dollars when he was discussing business (See Exhibits M, O, P), he pointedly refused to furnish any such information when he found himself under investigation. (See Exhibit I).

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SECRET

RECOMMENDATIONS:

1. That copies of this report be forwarded to the Provost Marshal General. It is further recommended that this report be called to the attention of the United States Senate Small Business Committee, the Smaller War Plants Corporation, the State Department, and the United States Attorney-General for their information and such action as they deem advisable.

2. That this investigation be continued, particularly with respect to the means used by subjects to secure the authority, if any, for making their trips to China and Japan.

3. That the pearls attempted to be transported by Goldstone out of the China Theater in violation of the terms of Circular No. 48 be declared confiscated.

4. That subjects be fully prosecuted for all crimes found to have been committed by them.

John F. Stoskopf, Jr.
JOHN F. STOSKOPF, JR.
Lt. Col., CMP
Director, CID

George Plotkin
GEORGE PLOTKIN
1st Lt., CMP
Asst. Director, CID

Attached Exhibits:

Exhibit	A - Radio dated 6 Dec 45
"	B - " " 8 Dec 45
"	C - " " 10 Dec 45
"	D - Circular No. 48
"	E - ATC ticket of Goldstone
"	F - Letter to CG, from Maurey Maverick
"	G - Radio dated 17 Dec 45
"	H - Statement of Joe Goldstone
"	I - Statement of Conference on 18 Dec 45
"	J - Radio from Secretary of State, dated 17 Oct 45
"	K - Calling card of Joe Goldstone
"	L - Statement of Eve Lipkovsky
"	M - " " Moses Lipkovsky
"	N - " " Boris Lipkovsky
"	O - " " Eric A.G. Petersen
"	P - " " Anatole Beerbrayer
"	Q - Invoice of Cathay Jewellery
"	R - " " G.E. Marden & Co.
"	S - " " American Consulate
"	T - Agreement between Goldstone and Beerbrayer
"	U - Statement of Capt. James L. King

JAN 4 1946

In reply refer to
JK

Dear Mr. Kirimura:

Thank you for your letter of October 24, regarding the cultivated pearl industry in Japan, which has been referred to me. I wish to express my regret at the delay in replying to it.

I have forwarded your letter to Mr. Frederick W. Darnell of the Division of Management Planning who is recruiting civilian personnel for General MacArthur's staff in Japan.

Sincerely yours,

Edwin M. Martin, Chief
Division of Japanese and
Korean Economic Affairs

Mr. Paul Kirimura,
Pauls' Pearls,
31 North State Street,
Chicago 2, Illinois

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Telephone DEarborn 4314

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PAULS' (sic) PEARLS
"Call Paul for Pearls"
31 N. State Street
Chicago 2, Ill.

October 24th, 1945

State Department
Washington, D. C.

Dear Sirs:

I am an American citizen of Japanese descent, born in Hawaii, and married to an American citizen of Spanish-French descent and have three children. I am 39 year old. I have been in cultivated pearl business for the past 15 years, and considered as an expert in pearls.

I am writing this letter because I think you would be interested in knowing about the cultivated pearls which are produced only in Japan. It takes from 3 to 4 years to produce cultivated pearls from oysters and only Japan was able to produce them because Mr. K. Mikimoto was the inventor of this method of producing the pearls from the living oysters, and also labor is cheaper than any other country. If this pearls are to be cultivated in this country, with high cost of labor, the pearls would cost just as high as the Oriental pearls. The pearl industry in Japan was growing until the war and I think it must have stopped as America has been the main importer of the same. This is one of the peaceful industry using many people in Japan as first they must raise the oysters and then must be scientifically treated in order to bear the pearl in each oysters. The treated oysters must be look after by many persons for more than two to three years before they are able to obtain the pearls from them. Then pearls has to be graded and matched for color and shape to make up the necklaces; all pearls has to be drilled in the large factories etc.

This industry will not only give many jobs for the people in Japan but will encourage the peaceful industry. This industry will not deprive any livelihood from any Americans in this country as we cannot possibly raise pearls here due to high labor cost.

I have worked under Mr. Mikimoto who is the inventor of cultivated pearls and I have only handled cultivated pearls in this country and considered as an expert in the pearls. I have liquidated the entire cultivated pearls stock of Mikimoto under the Treasury Department direction while I was in New York, and also made an appraisal for the Alien Property Custodian in Chicago in regard to the cultivated

pearls, and I am sure that I have enough experience in the pearls.

If you are interested in having someone make an investigation in regard to the cultivated pearl industry in Japan I would like to have you appoint me for the task as I am sure that I can complete the survey in this particular field in Japan in one month time if I am permitted to go there, as I know many of the pearl growers and I am in better position to discuss their problem as one pearl-man to another, and I can speak their language fluently.

I have taught the Civil Affairs Training School for the officers at the Chicago University in Japanese language, and after the close of the school I am teaching the army enlisted men of A.S.T.P. at the University of Chicago at the present time.

Hoping to have the pleasure of hearing from you in the near future, I am

Sincerely yours,

(Signed)

Paul Kirimura

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ACTION COPY

DIVISION OF
CENTRAL SERVICES
TELEGRAPH SECTION

DEPARTMENT OF STATE

53

INCOMING TELEGRAM

ACTION-ESP

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CONFIDENTIAL

DIVISION OF JAPANESE AND KOREAN
ECONOMIC AFFAIRS
DEPARTMENT OF STATE
file
JAN 18 1946

Dated January 5, 1946

Rec'd 11 a.m.

Secretary of State

Washington

43, January 5, 3 p.m.

	ACT	INF
ESP		✓
ES		✓
GA		
JK	✓	✓

Lozovsky has addressed reply dated January 3 to
Ambassador's representations on Japanese fishermen and
fish stocks writing as follows:

REDEPTEL 2545, December 17.

"Acknowledging the receipt of your letter dated
December 24 addressed to Mr. Vyshinski in regard to the
return to Japan of the property of Japanese fishing
companies and Japanese fishermen remaining on territory
occupied by the Red Army, I state the following:

One. A considerable portion of the property and
fish stocks of the Japanese fishing companies, which
you mention in your letter, was destroyed during the
period of military operations against Japan or proved
to be spoiled. The remaining portion of the property
and fish stocks was taken by troops of the Red Army
as trophies, and used in part for the needs of the
Red Army, and also for the supply and satisfaction of the

JAN 22 1946
needs

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CONFIDENTIAL

-2- #43, January 5, 3 p.m. from Moscow via War.

needs of the Japanese population remaining on these territories.

Two. As regards the return of the Japanese fishermen from these territories, the question has been referred at the present time for consideration to the competent Soviet authorities, of whose future decision I shall not fail to inform you."

Department please repeat to Tokyo for General MacArthur.

KENNAN

WTD

CONFIDENTIAL

Forwarded to CIA D for sea P

YH?

PREPARING OFFICE WILL INDICATE WHETHER

TELEGRAM SENT

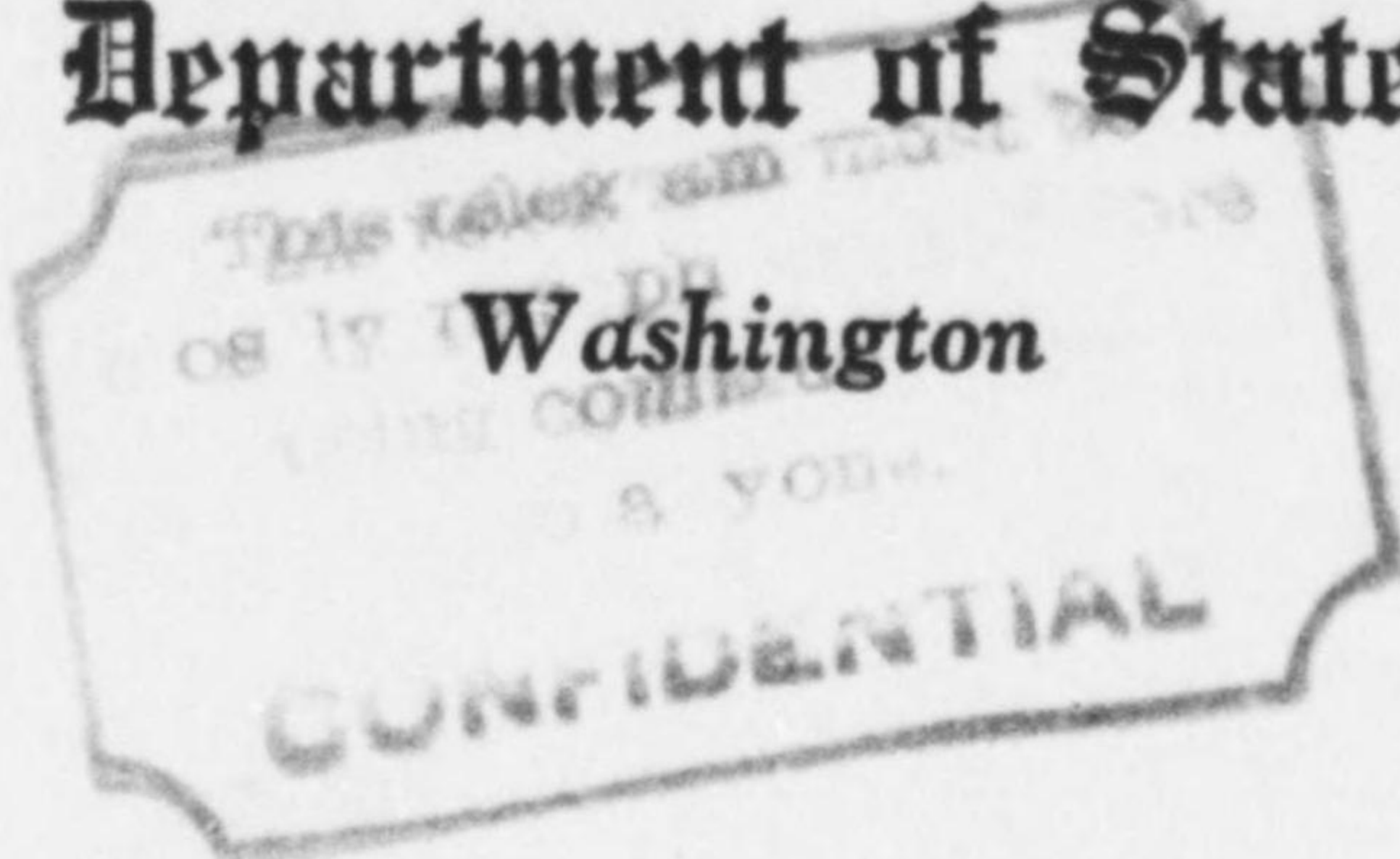
PREPARING OFFICE WILL TYPE HERE CLEARLY THE CLASSIFICATION OF THE MESSAGE:

Collect

Charge Department:

Charge to

Department of State



...CONFIDENTIAL.....

2647

January 12, 1946

8 PM

US URGENT

AMERICAN CONSUL,

MANILA (Philippine Islands)

65-

DEPT immediately requires information on what means transportation being used by Goldstone and McGowan. Also estimated time arrival at which West Coast port.

Mission in connection with shipment of cultured pearls from Japan

Acheson Acting (HSM)

Telephoned by CS:JMClare at request of A-R:CLBurgess

S:HSMay:fg

FE-(Cleared by phone with A.L.Moffat)

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OS/D
894.628/1-1246

DO NOT DETACH FROM WHITE COPY

RECORD COPY

The attached white copy of a telegram or airgram has been designated the record copy to replace the yellow action copy which was not returned to the central records by the action office.

The copy must be returned to DC/R for filing.

FILE NUMBER

894.628/1-1346

DIVISION OF
CENTRAL SERVICES
TELEGRAPH SECTION

DEPARTMENT OF STATE

INFORMATION
COPY

ACTION MUST BE ENDORSED
ON ACTION COPY

ACTION: A-R
INFO:

INCOMING TELEGRAM

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DCG -P
Paraphrase before com-
municating to anyone. 1946 JAN 14 AM 9 46
Manila

4458

Dated January 13, 1946

CONFIDENTIAL

RECORDS SECTION
REC-10:50 a.m., 13th

Secretary of State,
Washington.

033.1193

US URGENT

61, ^{nc} January 13, 8 p.m.

Please clarify URTEL 65, ^{nc} January 12, Goldstone
and McGowan ^{nc} unknown here.

STEINTORF

LMS

CONFIDENTIAL

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TELEPHONE
BRYANT 9-5227

Tecla

INTERNATIONAL RESOURCES DIVISION
TECLA NEW YORK

MAR 21 1946

608 FIFTH AVENUE, NEW YORK
LONDON

DEPARTMENT OF STATE
PARIS

DIVISION OF JAPANESE AND KOREAN
ECONOMIC AFFAIRS

DEPARTMENT OF STATE
ECONOMIC AFFAIRS

FEB 14 1946

Honorable Secretary of State Byrnes,
Washington,
D. C.

Dear Sir:

RECEIVED
MAR 27 1946
DEPARTMENT OF STATE

Whitman
JA
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FC
EA
replied 3/6/46
Wanda
Noted
FA-28
1946

We would appreciate a ruling from you on the following:

Our corporation specializes in cultured pearls, both whole-sale and retail. The cultured pearl beds are controlled by the Japanese, they are all in Japanese waters, except for certain qualities in the Dutch East Indies, which were also owned by the Japanese.

We refrained from making purchases during the war and since, which might be deemed a violation of the Trading with the Enemy Act.

During the past month, various salesmen have approached us for the purpose of selling to us, quantities of cultured pearls of Japanese origin, which they claim to have secured from Shanghai and on which they say they have paid United States Customs duty.

Moreover, recently prominent department stores in New York have advertised the sale of cultured pearls, (which we have reason to believe, are of recent purchase).

While we are mindful of the fact that it is not your province to act in an advisory capacity, we would welcome an expression from you as to whether there are any departmental regulations which would prohibit us from purchasing cultured pearls, which were originally the product of Japan, on which custom duty had been paid and which entered the U.S.A. since the Japanese Armistice.

We trust you will find it possible to oblige us with a reply.

Very truly yours,

Ben Blumenthal
Ben Blumenthal, President.

Copy to:
Secretary of the Treasury Vinson
Secretary of Commerce Wallace

DIVISION OF JAPANESE AFFAIRS
FEB 13 1946
DEPARTMENT OF STATE

DCR
Gait
7-7
6-11-94-244

894.628/2-1146

894.628/2-1146

CS/VJ

MAR 15 10 11 AM

In reply refer to
JK 894.628/2-1146

My dear Mr. Blumenthal:

Reference is made to your letter of February 11, in regard to the purchase of cultured pearls of Japanese origin.

The Department of State perceives no objection to the purchase by American firms of pearls believed to be of Japanese origin provided the customs regulations have been fully complied with and provided there is no direct contact with Japanese nationals. As you know, it is not possible at present to permit direct trading relations between the Japanese firms or individuals and those of other countries. All exports of merchandise from Japan to the United States will be handled by the U.S. Commercial Company, an official government corporation designated for this purpose. Information received from the Supreme Commander in Tokyo indicates that both cultured and natural pearls will be available for export during 1946. In the event that you are interested in making such purchases may I suggest that you communicate your interest to the U.S.C.C. in Washington.

In addition, it appears entirely possible that pearls of Japanese origin and sold either before or during the war in Shanghai or other Chinese markets may have been resold since the end of hostilities and imported into the United States. The Department would interpose no objections to the purchase of such imported pearls from old stocks provided the regulations referred to in the above paragraph are not violated, and provided these transactions are not considered by the Treasury Department to be in violation of the Trading with the Enemy Act. It is noted that you have written a similar

inquiry

894.628/2-1146

CS/LF

894.628/2-1146

DOR - ITP Unit	
Mr. <i>SW</i>	
Mr. <i>JH</i>	<i>SW</i>
Mr. _____	_____
Mr. _____	_____
Dist. _____	_____

- 2 -

inquiry to the Treasury Department and it is presumed that these points will be elucidated in the Treasury's reply.

Sincerely yours,

For the Secretary of State:

Edwin M. Martin, Chief
Division of Japanese and
Korean Economic Affairs

Mr. Ben Blumenthal, President,
Tecla,
608 Fifth Avenue,
New York, N.Y.

A COPY OF
THIS DOCUMENT IS
MAINTAINED IN
THE

GR *Link* ✓
MAR 14 1946 P.M.

WMB *Rson*
JK:WMBrown:me

3/7/46

CRS IR *JK*

Cleared with
Treasury
mr alk
WB

~~CA~~
~~LE~~

DEPARTMENT OF STATE
THE LEGAL ADVISER

Feb. 22, 1946.

In re letter from Mr. Joseph Goldstone
regarding seizure of pearls.

It would appear that we might merely acknowledge receipt of this letter, and indicate that in our view the question as to the right to the recovery of the pearls allegedly taken from Mr. Goldstone by U.S. Military authorities in China is a matter to be taken up between him and the War Department. I do not perceive how the Department of State is involved in the matter.

894.628/2-1246

LE:WVBishop
WVB



ASSISTANT SECRETARY
W. L. CLAYTON

FEB 25 1946

W. L. Clayton
~~A-C~~
DEPARTMENT OF STATE

L E- Mr. Summers

CA has
not been on the
"action end" of
this question.

Since you have
taken some interest
in it, I'm
sending it along
in the hope you'll
do something
with it.

J. J. [unclear]

DEPARTMENT OF STATE

THE LEGAL ADVISER

d
31-1-64
by ed on 14. 64
70-1-1 (10-0-3)

STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

DATE: 2/13/46

TO :

Dc/R

FROM :

ca

SUBJECT:

The attached
letter is sent to Dc/R
for entry & routing
to LE, A-C, ca, ES,
and ER etc.

JW

IMPERIAL PEARL SYNDICATE

CABLE ADDRESS
"KENO"
CHICAGO



NEW YORK

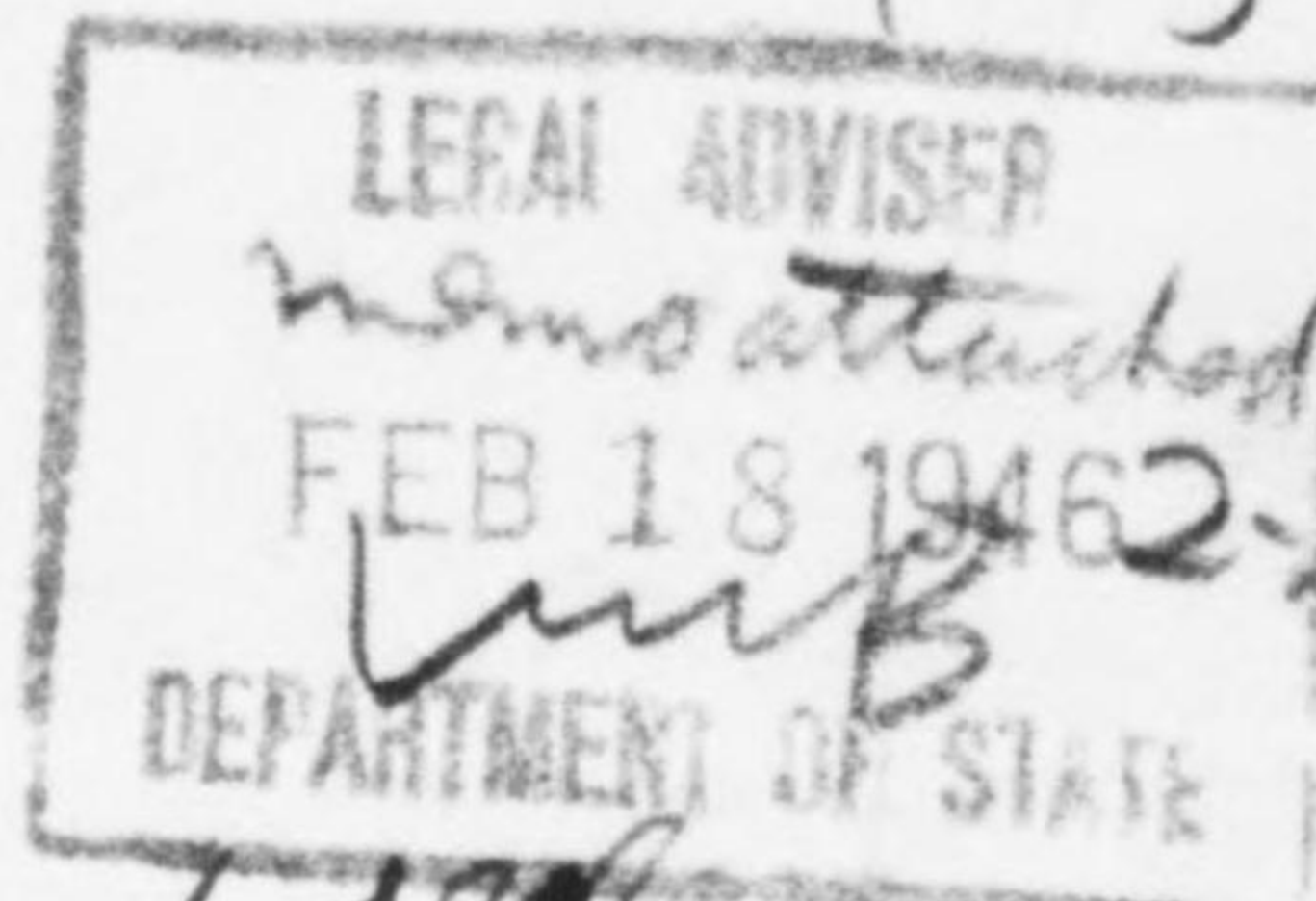
SAN FRANCISCO

CHICAGO

PADANG SUMATRA
(DUTCH EAST INDIES)

5 NORTH WABASH AVENUE
CHICAGO, ILLINOIS
PHONE: DEARBORN 2622X

February 12, 1946



Honorable James F. Byrnes
Secretary of State
Washington, D. C.

My Dear Mr. Secretary:

This letter is submitted to protect all rights of Mr. Joseph Goldstone and the Imperial Pearl Syndicate, Inc., an Illinois Corporation, with respect to certain pearls taken from Mr. Goldstone's possession at Shanghai, China on the 17th of December, 1945 by the Criminal Investigation Division of the Office of the China Theatre Provost Marshal.

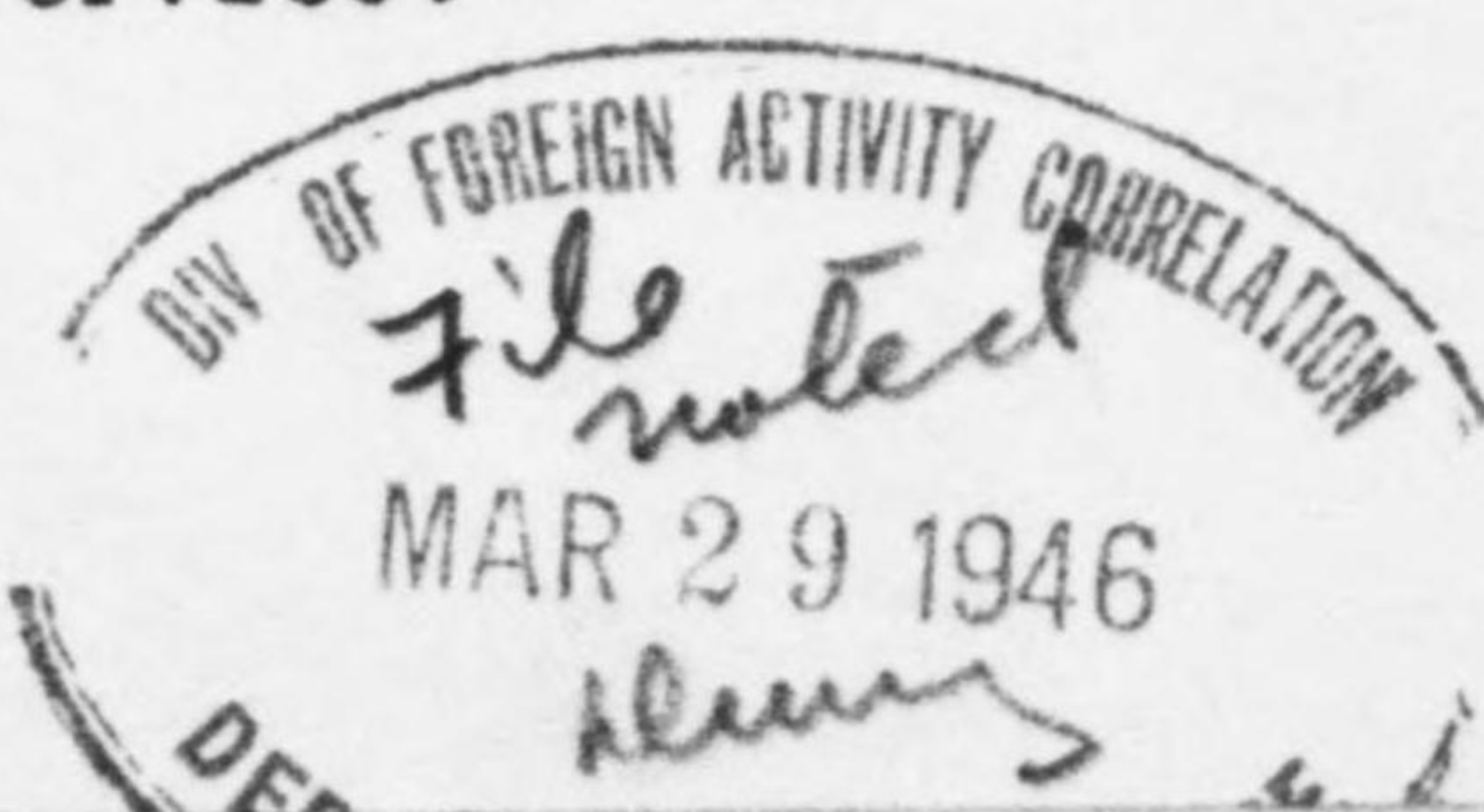
Mr. Joseph Goldstone purchased cultured pearls at a cost of \$20,008.50 at Shanghai, China, by an order placed on December 10, 1945 and paid for on December 14, 1945. A Chinese Import-Export tax of \$4887.80 was thereupon paid on these pearls by him to the Chinese government. The pearls were then sealed by the Chinese Customs authorities and a consular invoice issued on December 15, 1945 by the Vice Consul of the United States of America at Shanghai, China. Mr. Goldstone arranged with the Air Transport Command for his passage back to the United States and on December 16, 1945 paid the excess baggage charges due on the suitcase containing the pearls. The suitcase was placed on the plane by the Air Transport Command. As the plane was about to depart for the United States, Mr. Goldstone and the pearls were removed therefrom by the Criminal Investigation Division of the Office of the China Theatre Provost Marshal.

The pearls were retained by the Criminal Investigation Division and a document, a copy of which is attached hereto, was handed Mr. Goldstone. This document states that a written request for the return of the seized property must be made to the Commanding General, Headquarters, Rear Echelon, U. S. F., China Theatre, within sixty days from the date of issuance. No copy of the circular under which the seizure was made was given Mr. Goldstone before or after the seizure of the pearls, but it is understood that the circular was construed to prohibit the use by him of the United States Army Transport Service.

894.628/2-1246

FILED CCS/VJ
MAY 2 0 1946

894.628/2-1246



RECEIVED
DEPARTMENT OF STATE

1946 FEB 18 AM 9 48

PROVOST MARSHAL

ASSISTANT SECRETARY
W. L. CLAYTON

FEB 25 1946

A-C
DEPARTMENT OF STATE

894.628/2-1246
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12-20-45
12-26-45
1-12-46
1-13-46

XR
103.91602

Answer 3-4-46
L. H. May
512

Silver

LE

IMPERIAL PEARL SYNDICATE

CABLE ADDRESS
"KENO"
CHICAGO



NEW YORK

SAN FRANCISCO

CHICAGO

PADANG SUMATRA
(DUTCH EAST INDIES)

5 NORTH WABASH AVENUE
CHICAGO, ILLINOIS
PHONE: DEARBORN 9627

Honorable James F. Byrnes

- 2

No question was raised at any time as to Mr. Goldstone's lawful possession of the pearls.

It has not been possible for Mr. Goldstone to comply with the sixty-day provision of the attached document. Air transport back to the United States was denied him and the ship on which he finally arranged passage did not arrive in Tacoma, Washington until the 26th day of January, 1946. It was necessary for Mr. Goldstone to stop at Chicago, his home and place of business, and he did not arrive in Washington, D. C. until February 6th, 1946. Promptly thereafter, that is on February 8th, 1946, representations were made to the War Department that it was not possible to comply with the sixty-day provision, and the War Department was requested to take all necessary steps to prevent the disposition of the pearls pending a decision as to Mr. Goldstone's rights therein. It is understood that a radio was dispatched to the Command Headquarters, China Theatre, on February 9th, requesting that the pearls be not disposed of, pending further word from the War Department.

This letter is not intended to constitute a brief in support of Mr. Goldstone's rights to receive the pearls. It is submitted in order to make it a matter of record that Mr. Goldstone has exercised due diligence in seeking to comply with the attached document. Mr. Goldstone is anxious to present his case for the return of the pearls, with full facts in support thereof, at the convenience of the War or State Department or both. It is requested that the undersigned be informed of the procedure to be followed in permitting him to present his case.

An identical letter is being sent to the Honorable Secretary of War.

Respectfully submitted,

DCR - ITP Unit

Anal
Rev.
Cat.
Dist

C
O
P
YREGIONAL OFFICE
CRIMINAL INVESTIGATION DIVISION
OFFICE THEATER PROVOST MARSHAL
CHINA THEATERAPO 87917 December 1945

Case No. _____

TO: Mr. Joseph Goldstone
10 West Elm Street
Chicago, Illinois

In accordance with the provisions of Sec 8 (1) Circular 48, Headquarters Rear Echelon, USF, China Theater, dated 8 April 1945, you are hereby notified that a period of sixty (60) days from date is granted, during which you may make a written request to the Commanding General, Headquarters, Rear Echelon, USF, China Theater, setting forth the reasons, if any, why property confiscated under Circular 48, supra, should be returned to you. Upon receipt of reasons for the return of said property or at the expiration of sixty (60) days, whichever is the sooner, the property will be disposed of as directed by the Commanding General, Headquarters, Rear Echelon, USF, China Theater.

/s/ John F. Stoskopf, Jr.
DIR. CID

Received above notice this 17 day of December 1945.
Property: one suitcase sealed by customs containing pearls under consular invoice no. 115.

(Inclosure #1)

C
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P
YJos. Rauh
Re 0420

IMPERIAL PEARL SYNDICATE

5 North Wabash Avenue
Chicago, Illinois
Phone:
February 12, 1946Honorable James F. Byrnes
Secretary of State
Washington, D. C.Honorable Robert P. Patterson
Secretary of War
Washington, D. C.

My dear Mr. Secretary:

This letter is submitted to protect all rights of Mr. Joseph Goldstone and the Imperial Pearl Syndicate, Inc., an Illinois Corporation, with respect to certain pearls taken from Mr. Goldstone's possession at Shanghai, China on the 17th of December, 1945 by the Criminal Investigation Division of the Office of the China Theatre Provost Marshal.

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The pearls were retained by the Criminal Investigation Division and a document, a copy of which is attached hereto, was handed Mr. Goldstone. This document states that a written request for the return of the seized property must be made to the Commanding General, Headquarters, Rear Echelon, U. S. F., China Theatre, within sixty days from the date of issuance. No copy of the circular under which the seizure was made was given Mr. Goldstone before or after the seizure of the pearls, but it is understood that the circular was construed to prohibit the use by him of the United States Army Transport Service.

- 2 -

Honorable James F. Byrnes
Honorable Robert P. Patterson

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An identical letter is being sent to the Honorable Secretary of War (State).

Respectfully submitted,

/s/ Joseph Goldstone

C
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P
YREGIONAL OFFICE
CRIMINAL INVESTIGATION DIVISION
OFFICE THEATER PROVOST MARCHAL
CHINA THEATERAPO 67917 December 1945

Case No. _____

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Chicago, Illinois

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/s/ John F. Stoskopf, Jr.
DIR. CID

Received above notice this 17 day of December 1945.
Property: one suitcase sealed by customs containing pearls under consular invoice no. 115.

(Inclosure #1)

MAR 6 1946

In reply refer to
Le 894.628/2-1246

My dear Mr. Goldstone:

The receipt is acknowledged of your letter of February 12, 1946 with which you enclosed a copy of a notice from the Regional Office of the Criminal Investigation Division, Office Theater Provost Marshal, China Theater, dated December 17, 1945, regarding a suitcase containing pearls.

Since it is understood that the pearls are in the possession of the military authorities, it is assumed that their disposition would have to be determined by appropriate Army regulations.

Your letter and its enclosure will be retained in the Department's files.

Sincerely yours,

For the Secretary of State:

R. W. Flournoy
Acting Legal Adviser

Mr. Joseph Goldstone,
Imperial Pearl Syndicate,
5 North Wabash Avenue,
Chicago, Illinois.

Le:GGray:vb
2-4-46

DCR ITF Unit

[Handwritten initials]

MAR 5 1946
CR
[Handwritten initials]



894.628/2-1246

OS/D

894.628/2-1246

~~index and return to~~
~~IR-Fisheries~~

*cc/R
file*

FEB 26 1946

My dear Mr. Freeman:

In accordance with your request to Mr. Flory recently I am herewith enclosing two copies of a press release with respect to the treatment of Japanese fishing and aquatic industries during the occupation period.

Sincerely yours,

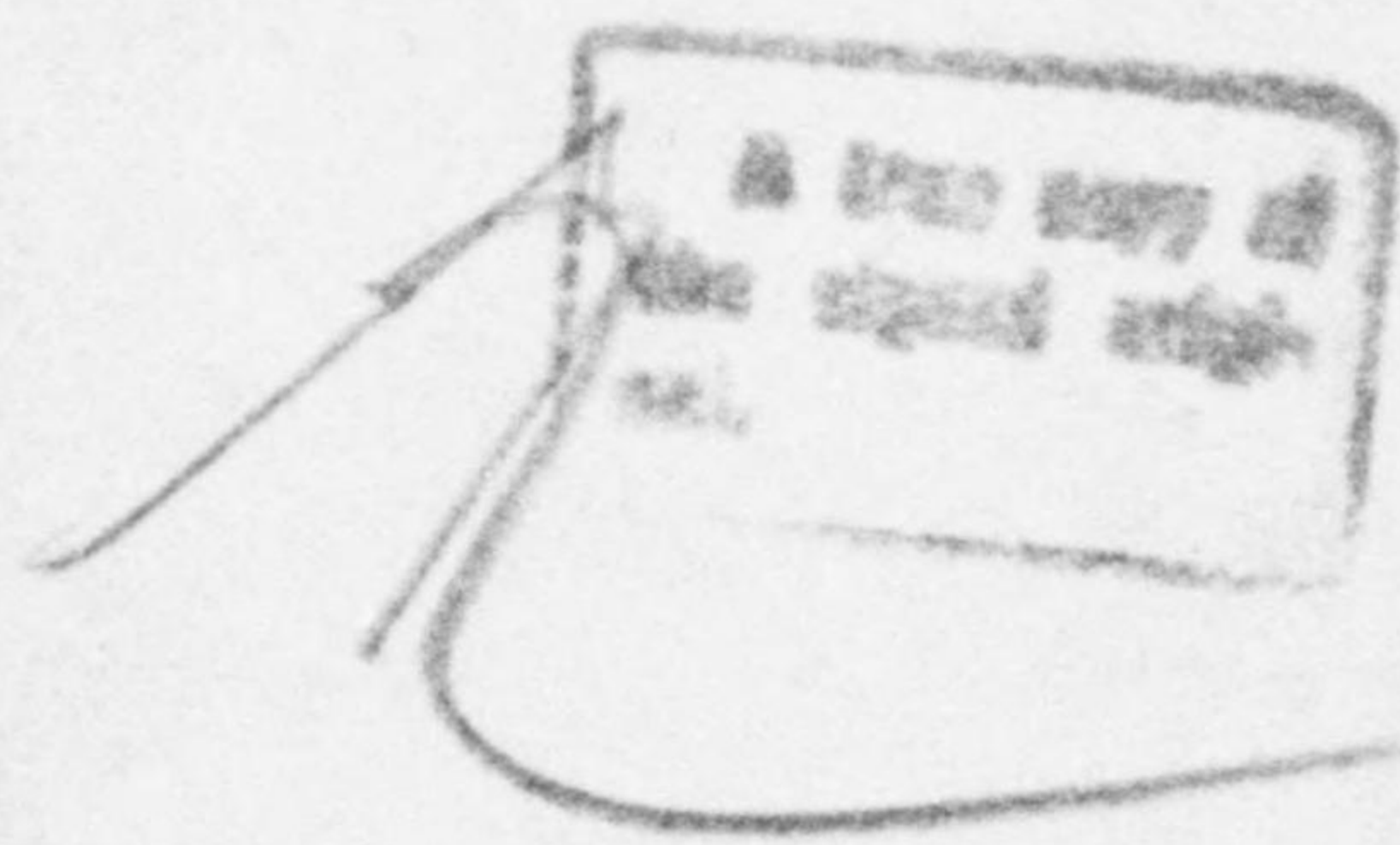
EGL

Edward G. Cale
Associate Chief,
International Resources Division

894.628/2-2646

Enclosure:

- 1. Two copies of press release.



Mr. Miller Freeman,
Pacific Fisherman Publication,
71 Columbia Street,
Seattle, Washington.

WES
OR
FEB 23 1946

WES
IR:WESFlory:pmc
2/20/46

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CS/V

894.628/2-2646

~~index and return to~~
~~IR Fisheries~~

IR file

FEB 26 1946

894.628/2-2646

My dear Mr. Phister:

In accordance with your recent request to Mr. Flory I am herewith enclosing two copies of a press release with respect to the treatment of Japanese fishing and aquatic industries during the occupation period.

Sincerely yours,

EGL

Edward G. Gale
Associate Chief,
International Resources Division

Enclosure:

- 1. Two copies of press release.

CS/V

Mr. Montgomery Phister,
Van Camp Sea Food Company, Inc.,
Terminal Island, California.

A true copy of the enclosed copy sent

9
CR
FEB 26 1946

WES 7
IR:WESFlory:pmc
2/20/46

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Rev.	<i>ms</i>
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894.628/2-2646

~~index and return to~~

~~IR-Fisheries~~

Use IR file

FEB 26 1946

894.628/2-2646

My dear Mr. Ponsford:

For your information I am enclosing herewith two copies of a press release with respect to the treatment of Japanese fishing and aquatic industries during the occupation period.

Sincerely yours,

EGC

Edward G. Cale
Associate Chief,
International Resources Division

Enclosure:

- 1. Two copies of press release.

CS/V

Mr. Arthur Ponsford,
Miller Freeman Publication,
124 West Fourth Street,
Los Angeles, California.

Q
FEB 26 1946

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2/20/46

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894.628/2-2646

~~index and return to~~
~~IR Fisheries~~

UC/R file

FEB 26 1946

My dear Mr. Allen:

For your information I am enclosing herewith two copies of a press release with respect to the treatment of Japanese fishing and aquatic industries during the occupation period.

Sincerely yours,

EGL

Edward G. Cale
Associate Chief,
International Resources Division

Enclosure:

1. Two copies of press release.

Mr. Edward W. Allen,
1308-1316 Northern Life Tower,
Seattle, Washington.

9
FEB 26 1946

WES 7
IR:WESFlory:pmc
2/20/46

~~index and return to~~
~~IR-Fisheries~~

Wes/R file

FEB 26 1946

My dear Mr. Arnold:

For your information I am enclosing herewith two copies of a press release with respect to the treatment of Japanese fishing and aquatic industries during the occupation period.

Sincerely yours,

EGC

Edward G. Cale
Associate Chief,
International Resources Division

Enclosure:

1. Two copies of press release.

Mr. W. C. Arnold,
Alaska Salmon Industry, Inc.,
Dexter-Horton Building,
Seattle, Washington.

9
OR
FEB 26 1946

WESF
IR:WESFlory:pmc
2/20/46

~~index and return to~~
~~IR-Fisheries~~

NC/R file

FEB 26 1946

My dear Dr. Van Cleve:

For your information I am enclosing herewith two copies of a press release with respect to the treatment of Japanese fishing and aquatic industries during the occupation period.

Sincerely yours,

EGL

Edward G. Cale
Associate Chief,
International Resources Division

Enclosure:

- ✓ 1. Two copies of
press release.

Dr. Richard Van Cleve,
State of California
Department of Natural Resources,
Ferry Building,
San Francisco 11, California.

OR
FEB 26 1946

MES 7
IR:WESFlory:pmc
2/20/46

W. C. VAN CAMP
PRESIDENT
R. P. HARPER
VICE PRESIDENT
AND SALES MANAGER
H. C. WARD
SECRETARY - TREASURER

CALIFORNIA TUNA, SARDINES AND MACKEREL
EXCLUSIVE PACKERS OF
TIN - APA

CABLE ADDRESS "VAN CAMP"
SAN PEDRO

BENTLEY
ARMSBY
A. B. C. 6TH
CALPAC
ACME
PRIVATE

Van Camp Sea Food Co. Inc



TERMINAL ISLAND, CALIFORNIA

March 7, 1946

SWNCC
WEST
No reply required
INTERNATIONAL RESOURCES DIVISION
WEST - file.
MAR 15 1946
DEPARTMENT OF STATE

Mr. Edward G. Cole
Associate Chief,
International Resources Division
Department of State
Washington, D. C.

Dear Mr. Cole:

Thank you for sending me a copy of the Press Release No. 118 of February 18. We of the fishing industry here on the West Coast are particularly interested in any happenings in the Japanese fishing industry.

Very truly yours,

Montgomery Phister
Montgomery Phister

MP: mh

894.628/3-746

SWNCC policy

DOR - ITP Unit
Ack *[initials]*
Rev *[initials]*
Dat
Dist

APR 30 1946

894.628/3-746
CS/1A

~~WEST~~

A. L. HAGER, CHAIRMAN
 FOOT OF GORE AVENUE
 VANCOUVER, B. C.

CHARLES E. JACKSON
 SUITE 206, 1835 K STREET N. W.
 WASHINGTON, D. C.

A. J. WHITMORE
 DEPARTMENT OF FISHERIES
 OTTAWA, CANADA

EDWARD W. ALLEN
 NORTHERN LIFE TOWER
 SEATTLE, WASHINGTON

TOM REID
 740 COLUMBIA STREET
 NEW WESTMINSTER, B. C.

FRED J. FOSTER, SECRETARY
 5147 LATIMER PLACE
 SEATTLE, WASHINGTON

INTERNATIONAL PACIFIC SALMON
 FISHERIES COMMISSION

ESTABLISHED BY THE CONVENTION
 BETWEEN CANADA
 AND THE UNITED STATES
 FOR THE PROTECTION,
 PRESERVATION AND EXTENSION
 OF THE SOCKEYE SALMON FISHERIES
 OF THE FRASER RIVER SYSTEM

B. M. BRENNAN
 DIRECTOR

OFFICE AND LABORATORY
 DOMINION BUILDING
 NEW WESTMINSTER, B. C.

March 11, 1946.

INTERNATIONAL RESOURCES DIVISION
 No reply required
 file 46
 DEPARTMENT OF STATE

894.628/3-1146

Mr. Edward G. Cale,
 Associate Chief,
 International Resources Division,
 Department of State,
 Washington, D. C.

Dear Mr. Cale:

Thank you very much for the copies of the press
 release dealing with the treatment of the Japanese
 fishing industry during the occupation period. This
 matter has proven to be of great interest to our
 west coast industry.

The statement of policy incorporated in your
 press release will go far towards answering many
 questions that have been asked during the past few
 months.

Sincerely,

Richard Van Cleve

Richard Van Cleve
 Chief Biologist

RVC:vg

DCR - ITP Unit

Att	<i>JH</i>	
Sec	<i>JH</i>	
Out		<i>WJ</i>
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*DWP/CC
 policy*

CS/LF

APR 29 1946

894.628/3-1146

MAR 29 1946

In reply refer to
Le

My dear Mr. Attorney General:

There is transmitted herewith a memorandum from Brigadier General Paul W. Caraway to the United States Consul General, Shanghai, China, to which is attached a copy of a report of investigation concerning Howard H. MacGowan and Joseph Goldstone, who during the latter part of 1945 were in China on a mission for the United States Senate Small Business Committee.

The file is transmitted to the Department of Justice with a view to ascertaining whether or not any violation of the laws of the United States is involved. It would be appreciated if the file could be returned to the Department of State after the Department of Justice has finished with it.

The Department of State has been informed by the War Department that the pearls which were taken from Mr. Goldstone in China by the Military authorities are to be returned to him in the near future.

Sincerely yours,

James F. Byrnes

Enclosures:
From Brigadier General Caraway, with attachments.

The Honorable
Tom C. Clark,
Attorney General.

Le:GGray:hr
3/15/46

894.628/3-2246

894.628/3-2246

CS/D

JOE (TP) Unit
MAR 18 1946 P.
MAR 19 1946 P.
Ann
Rev
Dist

Stamp: MAR 18 1946
Handwritten initials: JF, GR, etc.

MAR 25 1946

In reply refer to
JK

My dear Mr. Lykke:

This is in reference to your telephone conversation of March 15, 1946 with Mr. Whitman, concerning the operations of Japanese whaling vessels. The following vessels have been authorized to operate:

Whalers.

<u>Name of Vessel</u>	<u>Gross Tonnage (MT)</u>
Takunan-maru, No. 3	343.46
Takunan-maru, No. 8	343.46
Shonan-maru, No. 8	350.50
Akebono-maru	110.60
Suwa-maru	114.22
Fumi-maru	359.74
Seki-maru, No. 2	359.74
Marusan-maru	103.03
Seki-maru, No. 3	300.97

Carriers.

Zuiho-maru	222.40
Zuicho-maru	245.41
Takunan-maru	156.66
Takushin-maru	145.47
Shinsei-maru, No. 5	80.38
Shinsei-maru, No. 6	80.43
Shinsei-maru, No. 37	74.78
Shinsei-maru, No. 38	85.65
Shinsei-maru, No. 75	79.93

I trust this information will be useful to you.

Sincerely yours,

Edwin M. Martin, Chief,
Division of Japanese and
Korean Economic Affairs.

Mr. Knut Lykke,
Counselor, Norwegian Embassy,
Washington, D. C.

RHW
JK:RHWhitman:aw

3-18-46

SDM
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MP

894.628/3-2546

OS 10

894.628/3-2546

DCB ITP Unit

Handwritten initials and numbers: L P X JK

Handwritten initials and date: GR
MAR 25 1946





OFFICE OF
ALIEN PROPERTY CUSTODIAN
WASHINGTON 25

Mulz *file*

In reply please
refer to: LLS:DS:kh
File No. 039

March 26, 1946

Mr. James Simsarian, Ass't Chief
Division of Economic Security Controls
Department of State
Washington 25, D. C.

Attention: Mr. Eli Maurer

Dear Mr. Simsarian:

Attached you will find a letter from Mr. Steel
dated March 16, 1946, and my reply to it dated March 26, 1946.
It is believed that the problem raised by Mr. Steel is within
the jurisdiction of the Department of State. I, therefore, am
transmitting it to you for whatever action you deem necessary.

Sincerely yours,

Lloyd L. Shaulis
Lloyd L. Shaulis
Secretary

894.628/3-2646

894.628/3-2646

Attachment

DCR - ITP Unit	
Encl.	<i>13</i>
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let.	<i>KIT.</i>
Dist	

APR 23 1946
CS/VJ
APR 23 1946

In reply please
refer to: LIS:DS:kh
File No. 039

March 26, 1946

Mr. James Simsarian, Ass't Chief
Division of Economic Security Controls
Department of State
Washington 25, D. C.

Attention: Mr. Eli Maurer

Dear Mr. Simsarian:

Attached you will find a letter from Mr. Steel dated March 16, 1946, and my reply to it dated March 26, 1946. It is believed that the problem raised by Mr. Steel is within the jurisdiction of the Department of State. I, therefore, am transmitting it to you for whatever action you deem necessary.

Sincerely yours,

(Signed) Lloyd L. Shaulis
Lloyd L. Shaulis
Secretary

Attachment

In reply please
refer to: LLS:DS:kh

March 26, 1946

Mr. Mitchell Steel
107 Thingwall Park
Fishponds
Bristol, England

Dear Sir:

Thank you for your letter of March 16, 1946 inquiring whether the United States Government would be willing to finance a whaling expedition and employ your services in connection therewith. I wish to advise you that the problems raised in your letter are not in the jurisdiction of this Office. Accordingly, I have transmitted your letter to the Department of State for consideration.

Sincerely yours,

Lloyd L. Shaulis
Secretary

Dear Sir

0393	
ALLEN PROPERTY CO. LTD.	
RECEIVED MAR 20 1946	
NO. ANS. DATE	

RECORDED

Bristol March 16th 1946

Captured Japanese Whaling Fleet.

Your Embassy in London advised me to write you. I have a proposition to put before you re the above, I have been connected with the Whaling industry now for over 30 years, for your information I am a Britisher. Will your government be willing to finance the fitting out & equipment of the above mentioned fleet for an expedition to the whaling grounds next season, if so I shall be most pleased to arrange the fitting out & also the management with expert whaling managers, by doing this your government will secure a valuable amount of whale^{oil} at practically cost price. For my work in connection with this will your government pay me \$5000 per season + 1% on the value of the oil produced, that is to say the value of the oil on the open market at the time of discharging. No doubt you may have some purchasers from across here who will want the fleet for about half price & sell the oil to America at many pounds profit per ton. In my opinion America has a very valuable asset by having the above named fleet, no doubt some American crew could be employed. I trust your government can accede to my wishes & to hear from you per airmail

II

soon as possible. Any further information you require from me I shall be most pleased to further it. Thanking you in anticipation of an early & favourable reply per Airmail & that business will result to our mutual benefit.

Yours Respectedfully
H. Steel

Mitchell Steel & Co
107 Thimquall Park
Fishponds Bristol (England)

DIVISION OF JAPANESE AFFAIRS
APR 17 1946
DEPARTMENT OF STATE

SHIPPING DIVISION
APR 3 1946
DEPARTMENT OF STATE

MAR 21 1946

APR 23 1946

No.

To the:

American Consular Officer in Charge,
Bristol, England.

The Secretary of State transmits for the information of the Officer-in-Charge a copy of a letter received from Mr. Mitchell Steel of Bristol regarding his proposal for use of the Japanese whaling fleet.

For the guidance of the Officer-in-Charge in communicating with Mr. Steel the following information is supplied:

During the current season the remnants of the Japanese whaling fleet have been employed in Japanese home waters in accordance with instructions and limitations issued through the Headquarters of the Supreme Commander for the Allied Powers in Japan. No decision has been reached concerning the disposition or manner of employment of the whaling vessels in the next season. However, it seems possible at the present time that any operation of Japanese whaling vessels in waters distant from Japan would be handled by leases to governments rather than to individuals.

It is suggested, in the event Mr. Steel desires to make further inquiries with respect to this matter, that he may wish to consult the appropriate British government agency.

FOR - ITP Unit	
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Rev.	JPB
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Dist.	

Enclosure:

Copy of letter from Mr. Mitchell Steel, Bristol, England, dated March 16, 1946.

Handwritten notes:
A.H.D.
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✓

Handwritten initials:
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WMB
JK:WMBrown:me

4/8/46

A true copy of the signed original.

IR

KPB
JA

894.628/3-2646

CS/VJ

894.628/3-2646



Office of the Attorney General
Washington, D.C.

300
REC'D ADVISOR
ans 577
APR 9 - 1946
Gray J
DEPARTMENT OF STATE

April 4, 1946.

The Honorable
The Secretary of State

My dear Mr. Secretary:

I have your letter of March 22, 1946 (your reference Le), with which you transmitted certain documents relating to an investigation concerning the activities of Howard H. MacGowan and Joseph Goldstone, who were in China for the United States Senate Small Business Committee.

After examining this file for the purpose of determining whether any Federal criminal statutes were violated, I find it desirable to obtain additional information with respect to the conditions under which these two men were authorized to travel to China. Accordingly, I would appreciate it if you would arrange to permit a representative of this Department to examine both the passport files and the transportation files of your Department relating to the travel of these two men to China.

If you will indicate the procedure to be followed in the premises, I will thereafter promptly assign a representative of this Department to examine the records mentioned.

Sincerely yours,

Tom C. Clegg
Attorney General

RECEIVED
DEPARTMENT OF STATE

MAR 6 AM 9 29

DC/R
RECORDS BRANCH

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MAY 22 1946

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894.628/4-446

(NIF)
894-628
LE
DIVISION OF CHINESE AFFAIRS
MAY 7 1946
DEPARTMENT OF STATE

DCIR

UNITED STATES GOVERNMENT
MESSENGER SERVICE ENVELOPE

FROM: DEPARTMENT OF JUSTICE

TO: The Honorable

The Secretary of State

~~RETURN TO~~ / Stop No. 27

April 4, 1946.

The Honorable
The Secretary of State

My dear Mr. Secretary:

I have your letter of March 22, 1946 (your reference La), with which you transmitted certain documents relating to an investigation concerning the activities of Howard H. MacGowan and Joseph Goldstone, who were in China for the United States Senate Small Business Committee.

After examining this file for the purpose of determining whether any Federal criminal statutes were violated, I find it desirable to obtain additional information with respect to the conditions under which these two men were authorized to travel to China. Accordingly, I would appreciate it if you would arrange to permit a representative of this Department to examine both the passport files and the transportation files of your Department relating to the travel of these two men to China.

If you will indicate the procedure to be followed in the premises, I will thereafter promptly assign a representative of this Department to examine the records mentioned.

Sincerely yours,

Attorney General

W 887

EDWARD W. ALLEN, CHAIRMAN
NORTHERN LIFE TOWER
SEATTLE 1, WASH.

A. J. WHITMORE
DEPARTMENT OF FISHERIES
OTTAWA, CANADA

CHARLES E. JACKSON
SUITE 206, 1835 'K' ST. N. W.
WASHINGTON 6, D. C.

G. W. NICKERSON, SECRETARY
P. O. DRAWER #8
PRINCE RUPERT, B. C.

H. A. DUNLOP
DIRECTOR OF INVESTIGATIONS

INTERNATIONAL FISHERIES COMMISSION

ESTABLISHED BY THE CONVENTION
BETWEEN CANADA
AND THE UNITED STATES
FOR THE PRESERVATION
OF THE HALIBUT FISHERY
OF THE NORTH PACIFIC

OFFICE OF DIRECTOR
AND LABORATORY
FISHERIES HALL NO. 2
UNIVERSITY OF WASHINGTON
SEATTLE, 5, WASH.

TELEPHONE MELROSE 4433

INTERNATIONAL RESOURCES DIVISION

APR 1 1946
DEPARTMENT OF STATE

April 9, 1946

894.628/4-946

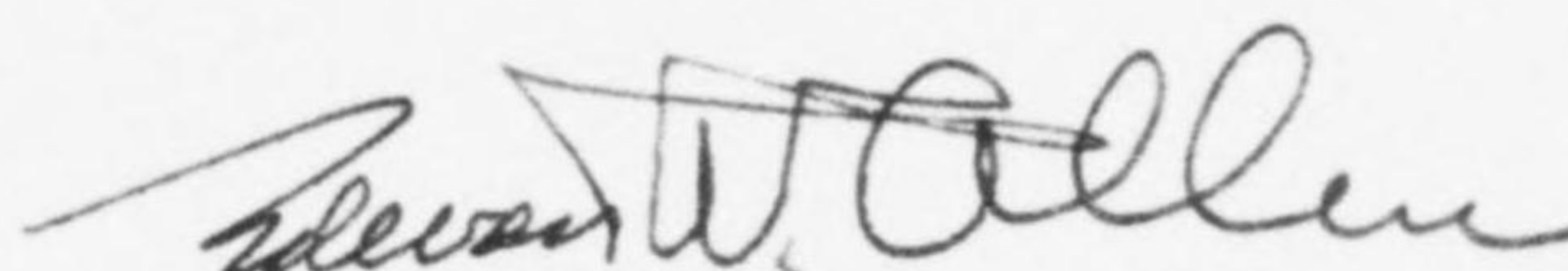
CS/LF

Mr. Edward G. Cale
Associate Chief,
International Resources Division
Department of State
Washington, D. C.

Dear Mr. Cale:

SWNAG Policy
Upon returning to my office after approximately two months absence I find your letter of the 26th of February enclosing two copies of a Press Release with reference to Japanese fishing and wish, even although belatedly, to thank you for sending these releases.

Yours very truly,



Edward W. Allen

EWA:im

DOB - ITP Unit	
Mr. Allen	<i>W</i>
Mr. Cale	<i>W</i>
Mr. Jackson	
Mr. Nickerson	
Mr. Whitmore	
Mr. Dunlop	

APR 29 1946

894.628/4-946

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PREPARING OFFICE WILL INDICATE WHETHER

TELEGRAM SENT

PREPARING OFFICE WILL TYPE HERE CLEARLY THE CLASSIFICATION OF THE MESSAGE:

IR

Department of State

CONFIDENTIAL

Charge Department:

Washington

Charge to

SCAP

No paraphrase necessary. CONFIDENTIAL

MAY 14 1946

6pm

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TOKYO 308

INFO: WAR DEPT CHIEF OF STAFF

FOR POLAD

894.628/4-1746

Subject to following conditions in addition to provisions of SWNCC Policy with Respect to Fisheries and Aquatic Industries in Japan, Dept perceives no objection on policy grounds to resumption Jap pelagic whaling in Antarctic. (Ref SCAP telegram to War Dept no. 59997, April 17)

894.628/4-1746

1. Whale oil produced to be subject to CFB allocation. (However, acting US member Fats and Oils Committee, CFB, says he will support allocation of at least part of oil to Japan and all of it (or suitable substitute oils) if this can be justified in light of fats and oils supplies available to other countries.)

2. Approval for undertaking this expedition is without prejudice to future decision regarding disposition of vessels, equipment and products.

It has been suggested informally to Dept that vessels and equipment, if operated by Brit or Norweg, would procure greater quantities whale oil. Possibility of pooling catcher vessels and of obtaining skilled crews are among arguments advanced. In view of world shortage of fats and oils, assurance of reasonably effective production should be obtained prior to SCAP consent to Jap operation.

CS/VUJ

Advise promptly if and when SCAP gives approval to enable Dept to

DCR - IFE Unit

Anal. Rev. Dat. Dist.

894.628/4-1746

PREPARING OFFICE
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TYPE HERE CLEARLY THE
CLASSIFICATION OF THE
MESSAGE:

Collect

Department of State

Charge Department:

Washington

Charge to

- 2 -

review suggested provisions for compliance with treaty obligations
for inspection and enforcement.

Richardson
Acting *ew*

TELEGRAPH
DISTRIBUTION

MAY 14 1946 P.M. 5 59

RECEIVED
DIVISION OF
CENTRAL RECORDS

CR
MAY 14 1946 P.M.

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<u>JA</u>	<u>JK</u>	<u>RP</u>	<u>BC</u>	<u>NOE</u>	<u>SD</u>	<u>TTP</u>
Cleared with Mr. Lory	Cleared with Mr. Whitman	Cleared with Mr. Bevan	Cleared with Mr. Wailes	Cleared with Mr. Trimble	Cleared with Mr. Falk	
		Cleared with Dr. Deason - Interior				
		Cleared with Dr. Kellogg - Smithsonian				
"	"	<i>Rocca, Agri. 72</i>				
"	"	<i>Rouster, Agri. 72</i>				

COMBINED FOOD BOARD

WASHINGTON 25, D. C.

SOUTH AGRICULTURE BUILDING

May 23, 1946.

INTERNATIONAL RESOURCES DIVISION

Letter to General Echols
MAY 24 1946 *deputed*

DEPARTMENT OF STATE 5/29/46.

To: Mr. William Flory, Commodities Division
Room 515 G, Department of State

JK:RHW

From: Fred J. Rossiter, Secretary
Committee on Fats and Oils

You will recall our conversation of a few days ago regarding Japanese whaling factory ships.

It has again been called to our attention that the Navy has two of the whaling ships that were evidently reconverted by the Japanese Navy. Our Committee is very anxious to learn more details about these boats and hope that they can be recovered and put into use this coming fall.

Recent information indicates that the world fats and oils situation in 1947 would be more acute than it is this year. All governments should, at this time, make every effort to try to increase the supplies for consumption next year.

FJR.

894-628/5-2346

*X211 Capt. Stephenson**X371 L. G. R.**X120 C. A. D.**X311, 2/2/46, 91513**X045**See Encl.*

In reply refer to
JK

June 10, 1946

Dear General:

The Supreme Commander has proposed converting Japanese vessels into whaling factory ships for use in the Antarctic in the 1946-1947 season. It now appears that two former Japanese whaling factory vessels may be in the United States Navy control. If so, the best solution might be to reconvert these vessels.

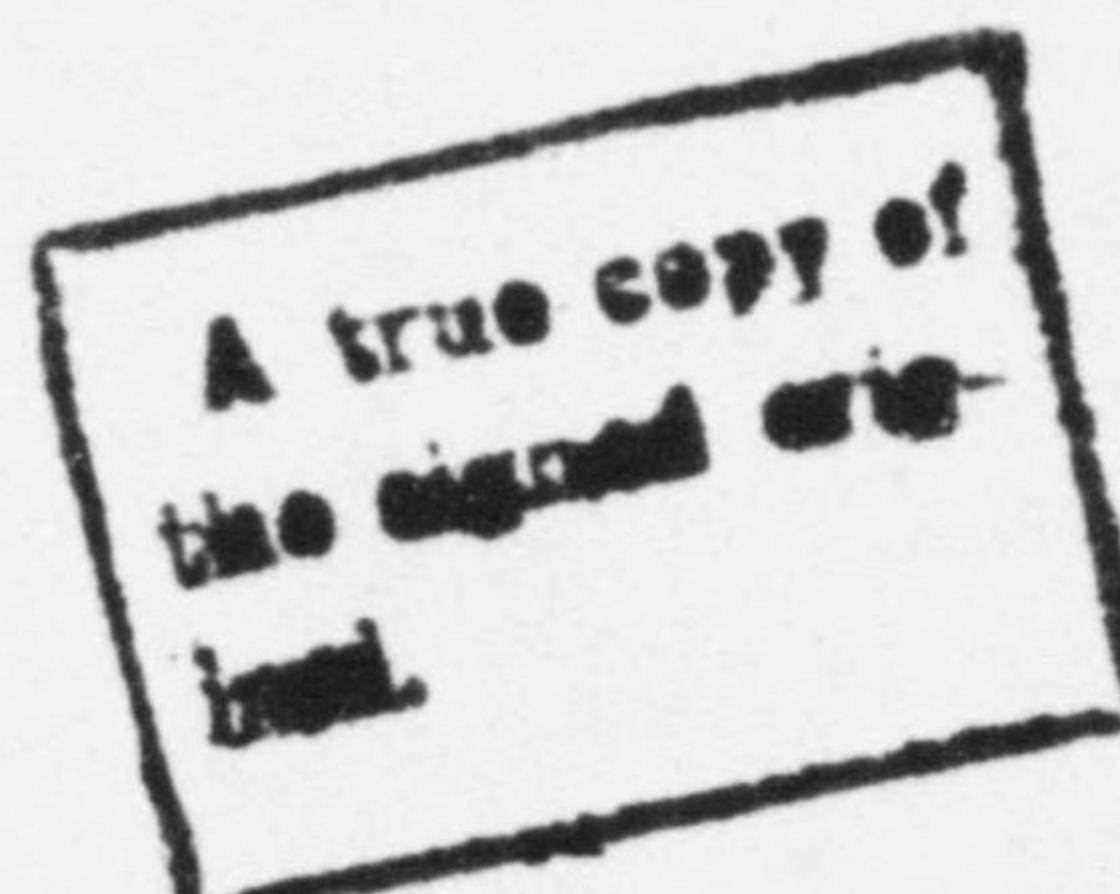
If the War Department has no objection, it would be appreciated if the attached proposed cable were transmitted to SCAP. It has been discussed with Captain Stephenson of the Civil Affairs Division.

Sincerely yours,

J. H. Hilldring
Assistant Secretary

Enclosure:

Draft cable from the War
Department to SCAP



Major General Oliver P. Echols
Director, Civil Affairs Division
War Department

DRAFT CABLE FROM WAR DEPT TO SCAP

Agric reports Brit member Fats and Oil Committee CFB stated two former Jap whaling factory vessels now in US Navy control. Informant did not know names of vessels but believed one had been converted to aircraft carrier and one to oil tanker. If so these vessels might be suitable for reconversion to be used as proposed in URTEL 59997, 17 April 1946.

Navy DEPT has been requested for information. Do Jap records substantiate above information and indicate names of vessels after conversion?

*Dispatched as
war 91513
(17 June)*

In reply refer to
JK

Dear General:

The Supreme Commander has proposed converting Japanese vessels into whaling factory ships for use in the Antarctic in the 1946-1947 season. It now appears that two former Japanese whaling factory vessels may be in the United States Navy control. If so, the best solution might be to reconvert these vessels.

If the War Department has no objection, it would be appreciated if the attached proposed cable were transmitted to SCAP.

Sincerely yours,

J. H. Hildring
Assistant Secretary

Enclosure:

Draft cable from the War
Department to SCAP.

Major General Oliver Echols,
Director,
Civil Affairs Division,
War Department.

JUN 5 1948 P.M.

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RHW

JK:RHWhitman:aw
5-29-46

1948

JH

KB
JA

STANDARD FORM NO. 64

Office Memorandum · UNITED STATES GOVERNMENT

DATE:

August 8, 1946

TO : Le ✓ Mr. Gray
FROM : CA - Mr. Woodard
SUBJECT :

File

At the suggestion of Mr. Nicholas, PD,
I am sending this to you for incorporation
with remainder of the file.

W
Flegg



Office of the Attorney General
Washington, D.C.

June 10, 1946.

LEBA ADVISER
JUN 18 1946
DEPARTMENT OF STATE
filed

RECEIVED
DEPARTMENT OF STATE

JUN 11 11 50 AM '46

The Honorable
The Secretary of State.
My dear Mr. Secretary:

This refers to your letter of March 22, 1946,
and my reply thereto of April 4, 1946, relative to the
activities of Howard H. MacGowan and Joseph Goldstone
who were in China during the latter part of 1945 on a
mission for the United States Senate Small Business Com-
mittee.

As indicated in my letter, in determining
whether there was a violation of any federal criminal
statute, it would be helpful if this Department could
examine the passport files and transportation files of
your Department relating to the travel of these two men
in China. If you will advise me with respect to the
possibility of access to these files and will indicate
the procedure to be followed, I will promptly designate
a representative of this Department to examine the
records mentioned.

DIVISION OF CHINESE AFFAIRS
To LE
AUG - 7 1946
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DEPARTMENT OF STATE

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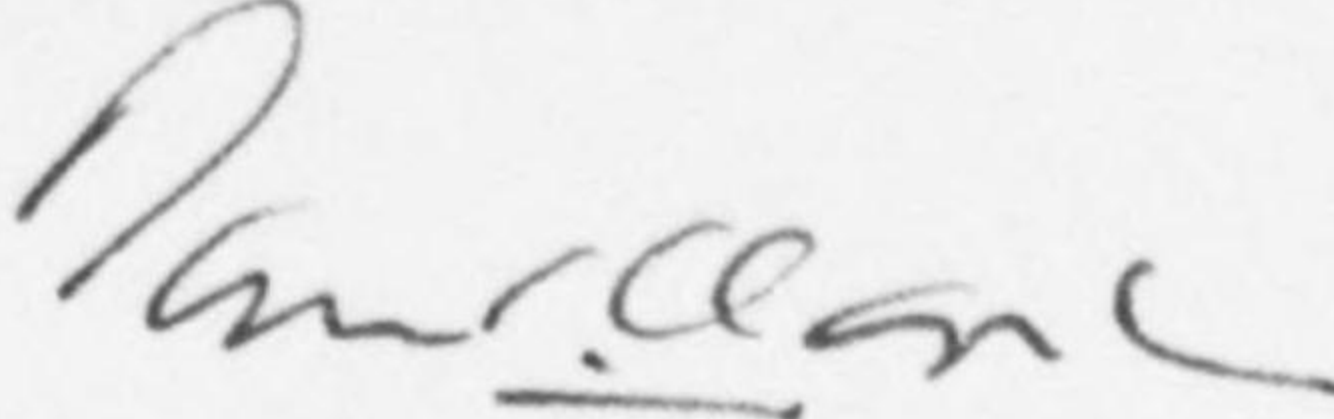
m.k.
[Signature]

894.628/6-1046

-2-

If no additional information can be obtained from your files relating to the alleged irregularities of these men, it appears that no further action can be taken and that it will be necessary to close the case.

Sincerely yours,


Attorney General.

TLC:OND:BC

47-16-147

June 10, 1946.

The Honorable
The Secretary of State.

My dear Mr. Secretary:

This refers to your letter of March 22, 1946, and my reply thereto of April 4, 1946, relative to the activities of Howard H. MacGowan and Joseph Goldstone who were in China during the latter part of 1945 on a mission for the United States Senate Small Business Committee.

As indicated in my letter, in determining whether there was a violation of any federal criminal statute, it would be helpful if this Department could examine the passport files and transportation files of your Department relating to the travel of these two men in China. If you will advise me with respect to the possibility of access to these files and will indicate the procedure to be followed, I will promptly designate a representative of this Department to examine the records mentioned.

CC Records

Mr. Dagger

Chron.

-2-

If no additional information can be obtained from your files relating to the alleged irregularities of these men, it appears that no further action can be taken and that it will be necessary to close the case.

Sincerely yours,

Attorney General.

AUG 2 1946

In reply refer to
Le 894.628/4-446

6-1046

894.628/6-1046

My dear Mr. Attorney General:

The receipt is acknowledged of your letter of April 4, 1946 in reply to a letter from the Department of State dated March 22, 1946 relating to an investigation concerning the activities of Howard H. McGowan and Joseph Goldstone, who were in China for the Senate Small Business Committee. You state that it would be desirable to obtain additional information which may be contained in the passport files and transportation files of the Department of State, relating to the travel of these two men in China.

The Department of State will be glad to give permission for a representative of the Department of Justice to examine any of the files of the Department which may be relevant to the case.

If you will have the representative from your Department contact Mr. George Gray of the Office of the Legal Adviser, Room 273, Main State Building, telephone extension 512, he will take any steps necessary to assist the representative in obtaining relevant information in the Department.

Sincerely yours,

DCR - ITP Unit
[Handwritten initials]

DEAN ACHESON
Acting Secretary

To: The Honorable
Tom C. Clark,
Attorney General.

Le: G Gray:hr
5/7/46

WAC
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*Index and return to
DR Fisheries Wildlife*

*HR
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AUG 5 1946

CONFIDENTIAL

No. *215*

To the

United States Political Adviser to the
Supreme Commander for the Allied Powers,
Tokyo.

894.628/7-146

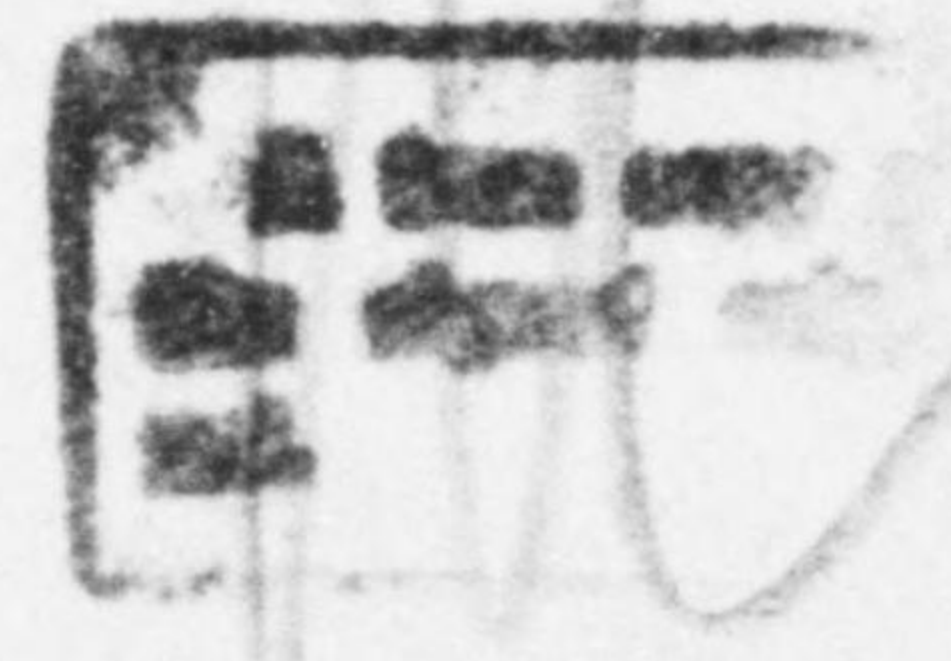
The Acting Secretary of State makes reference to the
Political Adviser's despatch No. 481, dated July 1, 1946,
concerning extension of Japanese fishing and whaling areas, and
transmits herewith a copy of a Memorandum of Conversation dated
July 8, for the information of the Political Adviser and for
any comment which he may wish to make.

894.628/7-146

Enclosure:

Copy of Memorandum
of Conversation.

CS/V



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7/29/46

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PK*

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DCR - ITP Unit

Administrative routing box with handwritten initials and a dotted line for a signature.

*894.628/7-146
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FROM Tokyo
NO 481

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ACTION: ITP

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No other outside
for War + Navy



UNITED STATES POLITICAL ADVISER FOR JAPAN

Tokyo, July 1, 1946.

CONFIDENTIAL

No. 481

INTERNATIONAL RESOURCES DIVISION

JUL 23 1946

DEPARTMENT OF STATE

Handwritten initials: FA, HP, IR, DC/R, IR

SUBJECT: Extension of Japanese Fishing and Whaling Areas.

Handwritten notes: PV - J.A.M. - Emerson, Tel - Mr. Flow - J.R., no outside distribution other than War & Navy, 7/18/46

RECEIVED DEPARTMENT OF STATE

JUL 15 1946

RECORDS BRANCH

The Honorable The Secretary of State Washington.

- 1/
- 2/
- 3/
- 4/
- 5/

I have the honor to refer to this Mission's despatch No. 464, June 12, 1946, entitled, "Sixth Meeting of Allied Council for Japan, June 12, 1946", and to enclose a copy of a memorandum of June 4, 1946, from the Acting Chief of Staff, General Headquarters, SCAP, to the Allied Council for Japan, requesting comments of the Council concerning a partial staff study pertaining to authorizing fishing and whaling by the Japanese, and a copy of the pertinent portions of the verbatim minutes of the sixth meeting of the Council covering discussion on this subject. There are also enclosed copies of a directive, SCAPIN 1033, June 22, 1946, to the Japanese Government on the subject, "Area Authorized for Japanese Fishing and Whaling", of a letter dated June 20, 1946, from Lieutenant General K. N. Derevyanko, Member for the Union of Soviet Socialist Republics of the Council on this subject, and of my reply, June 24, 1946, as Chairman of the Council.

894.628/7-146

CS/V

DEPARTMENT OF STATE
 DIVISION OF FOREIGN REPORTING SERVICES
 JUL 17 1946

General Derevyanko's questions in the Council meeting were principally designed to elicit information on technical details, such as: the volume of estimated excess of the fish-catch and destinations of such exportable excess; detailed comparisons of the Japanese fishing fleet by types of vessels at the beginning of the war and at present; information regarding new construction of fishing vessels, especially steel vessels; numbers of fishing personnel and their registration; and the possibility of distributing fishing vessels among the Allied Powers. As a preliminary opinion, General Derevyanko stated during the Council meeting of June 12: "in principle I have no objections to permitting the Japanese to conduct fishing and whaling in the suggested area as a temporary arrangement".

In his letter of June 20, General Derevyanko indicated that his Government had reversed him and was opposed to the extension of existing Japanese fishing areas. The reasons advanced were that (1) the present area allotted to the Japanese is sufficient to fulfil internal Japanese demands, and (2) the extension of fishing areas for Japan is related to the creation of a large ocean-going fishing fleet, the size of which is subject to discussion by the Allies and the Far Eastern Commission. In my reply of June 24, I mentioned that the estimated catch mentioned in the Council meeting was largely speculative and

based

JUL 30 1946

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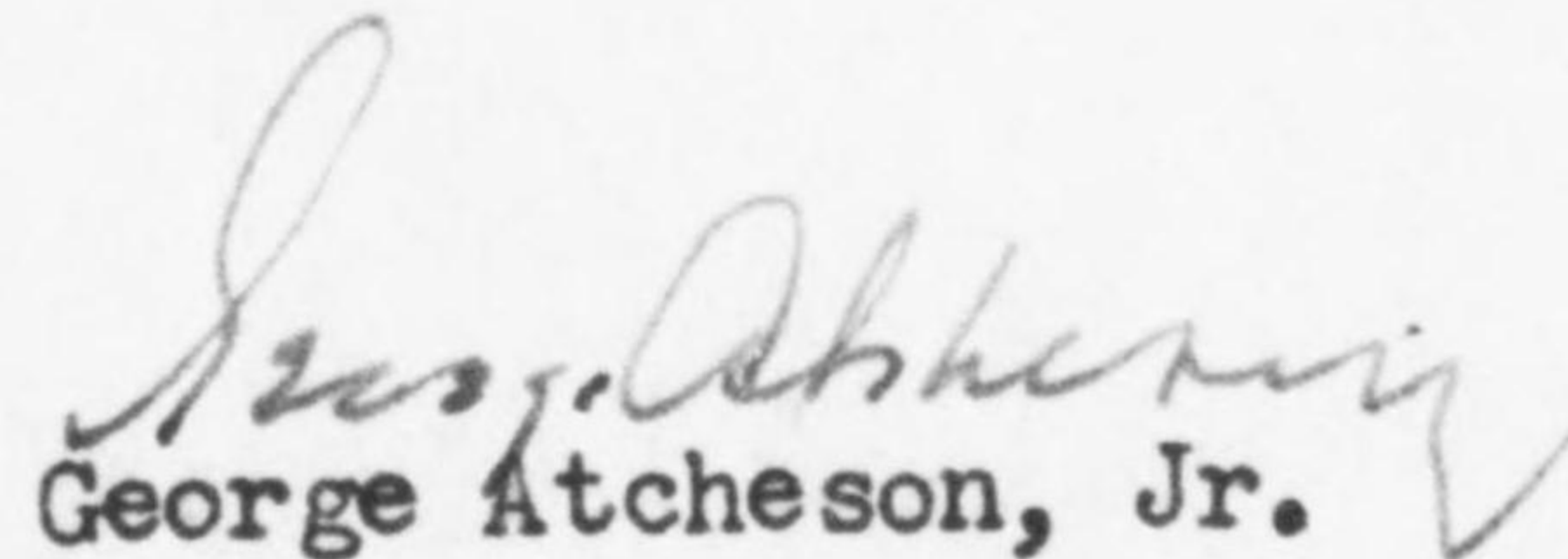
Tokyo's Despatch 481,
July 1, 1946 62

- 2 -

based upon the average catch during pre-war years when the Japanese fishing industry was in far better condition than today. I also stated that I could perceive no connection between the size of the post-war Japanese fishing fleet and the temporary emergency measure under discussion.

The Soviet attitude toward this problem is difficult to reconcile with the realities of the food situation in Japan today. The reversal of General Derevyanko's preliminary approval by the Soviet Government may be an indication of continued Soviet opposition to constructive measures undertaken by SCAP to alleviate the serious food shortage. In the light of the discussion concerning this problem which took place in the sixth meeting of the Council, the reasons advanced in General Derevyanko's letter appear specious and suggest a continued Soviet desire to hamper the policies of the Occupation in Japan.

Respectfully yours,


George Atcheson, Jr.

Enclosures: *att. N.S.D.*

- ✓ 1/ From Acting Chief of Staff, to Allied Council for Japan, June 4, 1946.
- ✓ 2/ Extract of verbatim minutes, sixth meeting, Allied Council for Japan, June 12, 1946.
- ✓ 3/ SCAP Directive to Japanese Government, SCAPIN 1033, June 22, 1946.
- ✓ 4/ From Lt. General Derevyanko to Ambassador Atcheson, June 20, 1946.
- ✓ 5/ From Ambassador Atcheson to Lt. General Derevyanko, June 24, 1946.

Original and hectograph to Department.
Copy to American Embassy, Moscow.

500
WJSebald/blc

63

Enclosure no. 1 to Despatch no. 481, July 1, 1946, from the United States Political Adviser for Japan, Tokyo, on the subject "Extension of Japanese Fishing and Whaling Areas".

GENERAL HEADQUARTERS

SUPREME COMMANDER FOR THE ALLIED POWERS

APO 500
4 June 1946

MEMORANDUM:

TO : Allied Council for Japan.

1. Studies are being carried on in this headquarters with a view to authorizing additional areas in which the Japanese may conduct fishing and whaling. A partial staff study pertaining to the extension of the presently authorized area is attached hereto.

2. The comments of the Council are requested with regard to authorizing fishing and whaling by the Japanese in the proposed area outlined on the map attached to the staff study as Inclosure No. 2.

FOR THE SUPREME COMMANDER:

/s/ P. W. Clarkson
/t/ P. W. CLARKSON
Major General, G. S. C.
Acting Chief of Staff

1 Incl:
Staff Study
w/2 Incls.

894.6-28/7-146

- 2 -

Tokyo's Despatch no., 481,
July 1, 1946.

AREA AUTHORIZED FOR JAPANESE FISHING AND WHALING

THE PROBLEM

1. To extend the area in which the Japanese are presently authorized to conduct fishing and whaling.

FACTS BEARING ON THE PROBLEM

2. The present authorized Japanese fishing area as established 27 September 1945, and modified slightly on 3 November 1945, was designed to insure security and at the same time provide an area of operation for what remained of the Japanese fishing fleet. The directive (SCAJAP Serial 587, dated 3 November 1945) is attached herewith as Inclosure Number 1.

3. Due to the lack of other sources, the minimum Japanese requirements for animal protein food can only be met by the provision of fish.

4. With certain exceptions, the presently authorized area corresponds to the area which formerly provided about 3,000,000 metric tons of marine products annually. Extensions of this area will provide an increase of fish and fish products which will improve the chances of meeting the present Japanese requirements.

5. An increased fishing area may provide fish or fish products in excess of the needs of Japan which would result in:

a. Exports to other areas where foods, particularly protein foods, are scarce.

b. Exports of delicacy items to areas having food surpluses in exchange for staple foodstuffs or other essential commodities required by Japan.

c. Exports of sperm oil and fish liver vitamin oils to meet requests which have been received from abroad.

6. At present, the Japanese are making efforts to utilize all available fishing grounds. As more ocean-going craft are repaired and placed in service, and as more supplies and equipment become available, the Japanese will be increasingly able to exploit a larger area. Some specialized vessels lack suitable areas in which to operate with the result that the entire fishing fleet cannot be put to its best use.

7. The waters east of the present area between 150° and 165° East Longitude are important tuna and swordfish grounds. Operations are normally conducted in this area during the summer.

8. The

- 3 -

Tokyo's Despatch no., 481,
July 1, 1946.

8. The waters south of the present area between 30° and 24° North Latitude are the best bonito and tuna grounds within reach of vessels based in Japan. The season is about to start. The area of the Bonin Islands, south of the present authorized area, is a good whaling ground. Temporary authorization was made for whaling in the Bonins for the winter season of 1945 - 1946.

9. The region west of the southern part of the present area, southwest of Kyushu, was formerly the scene of an intensive Japanese trawl fishery.

10. At present, fishermen living on the west coast of Tsushima cannot operate because the authorized area includes only the east coast of that island. Readjustment of the boundary of the authorized area in the vicinity of Tsushima will permit fishing along the west coast of that island and eliminate an unnecessary hardship to the local fishermen.

11. The extension of the presently authorized fishing area south to 24° North Latitude, East to 165° East Longitude and slightly to the west and southwest of Kyushu would not endanger security.

12. A proposed area is outlined on the enclosed map, Inclosure Number 2.

2 Incls:

- 1 - SCAJAP:HI-6, Serial 587, 3 Nov 45,
subj: "Fishing, Whaling, Sea Animal
Hunting, Vessels Engaged in Area of
Operation".
- 2 - Map: Authorized Japanese Fishing Areas.

- 4 -

Tokyo's Despatch no. 481,
July 1, 1946.C O P YADMINISTRATOR, NAVAL SHIPPING CONTROL AUTHORITY
SCAJAP FOR JAPANESE MERCHANT MARINE (SCAJAP) WMB:lk)
HI-6 UNITED STATES PACIFIC FLEET

Serial: 587 3 November 1945

From: Administrator, Naval Shipping Control
Authority for Japanese Merchant Marine.
To: The Imperial Japanese Government.
(Department of Agriculture and Forestry).
Via: The Central Liaison Office, Tokyo.
Subject: Fishing, Whaling, Sea Animal Hunting, Vessels
Engaged in, Area of Operation.

References: (a) FLTLOSCAP Serial No. 69 of 22 September 1945.
(b) FLTLOSCAP Serial No. 80 of 27 September 1945.
(c) FLTLOSCAP Serial No. 95 of 27 September 1945.
(d) SCAJAP Serial No. 42 of 13 October 1945.

1. The fishing area authorized in references (b) and
(d), is bounded as follows:

"From NOSAPPU MIZAKI to 41-30 North 150 East,
south to 30 North 150 East, west along 30th
parallel to 130 East, south to 29 North
130 East, west to 29 North 126 East, south
to 26 North 126 East, west to 26 North 123
East, northeast to southern tip TSUSHIMA.
From northern tip TSUSHIMA to 40 North 135
East to 45-30 North 140 East to 45-30 North 145
East, south along 145th meridian to HOKKAIDO".

This area is extended to include all waters within three (3) miles
of the Island of HOKKAIDO. This applies to fishing vessels of any
tonnage.

2. As directed in reference (c), no future authoriza-
tions for fishing operations in the approved area are necessary
but vessels over 100 gross tons, not already reported, which en-
gage in fishing must be reported to SCAJAP.

3. Fishing, whaling, sea animal hunting, or any similar
operations are not authorized in that part of the area describe
in reference (a) which lies outside the area prescribed in para-
graph one (1).

G. W. ASHFORD
By Direction.

C O P Y

Enclosure No. 2 to Despatch no. 481 July 1, 1946, from the United States Political Adviser for Japan, Tokyo, on the subject "Extension of Japanese Fishing and Whaling Areas".

EXCERPTS FROM VERBATIM MINUTES OF
SIXTH MEETING ALLIED COUNCIL FOR JAPAN, 12 JUNE 1946

THE CHAIRMAN: ...Under Official Matters, the first item on the Agenda, "Additional Areas in which the Japanese may Conduct Fishing and Whaling." I have asked the Secretary-General to place this item first on the Agenda because of the growing urgency of the food problem in Japan, and I hope that I may assume that the Members will be agreeable to my action in so doing. You have doubtless read in the press recent reports in regard to the number of persons being found dead in the streets from starvation. The number is increasing. Since last November from twelve to thirteen hundred persons are known to have died from starvation in the Tokyo-Yokohama areas. During May the known deaths were 267--an average of nine every day during the month. I do not have figures for deaths in other areas but mine operators have reported to Headquarters that many of the miners are unable to continue performing maximum work because of physical deterioration due to lack of sufficient food. Operators of spindles and steel mills also report that the laborers are not able to keep up with the heavy work.

I express the hope that the Members are prepared this morning to offer definitive comment on this matter in order that action on it may not be further delayed. It is not a problem which conflicts in any way with any other problem before us and it should, I think, offer no great difficulties for decision. There is a corollary question of obtaining Soviet permission for the Japanese to resume fishing off Kamchatka, which has been taken up with the Soviet Government. It is my understanding that the reply of the Soviet Government was in the negative but it may be that renewed consideration can be given to that matter. Our immediate problem today is the question of the expansion of fishing areas as indicated on the maps which have been furnished the Members.

Now when this item was placed on the Agenda by the Supreme Commander there were provided some reference papers which I assume the Members have read. I should like to introduce COLONEL FIEDLER of the Fisheries Division of the Natural Resources Section of General Headquarters, who will be glad to answer any technical questions the Members may have. COLONEL FIEDLER.

MR. SHEN, do you have any comment on this question?

MR. SHEN

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MR. SHEN: Yes, there are. May I ask whether the proposed area is of temporary character and for a short period?

LIEUTENANT COLONEL FIEDLER: Sir, there is no time limit set on this particular area. It is an area in which we believe the Japanese fishermen can well use their present fishing equipment to better advantage and thereby catch more food for the Japanese people.

MR. SHEN: I think the Members of the countries we are representing, including myself, will make their remarks after hearing the explanation of COLONEL FIEDLER.

THE CHAIRMAN: There was an explanation--a partial staff study on this subject attached to the Agenda, which gives I think the essential information. If there are any specific questions which any Member has, any technical questions, COLONEL FIEDLER will be glad to answer them.

MR. SHEN: MR. CHAIRMAN, if it is not of a temporary character as stated by COLONEL FIEDLER, I am afraid I won't be able to commit myself until I have ample time to consult with my Government regarding certain sections, for instance the area which would roughly cover the section near Formosa. I think I may need some time for consultation with my Government, especially around that area.

THE CHAIRMAN: COLONEL, the area that is marked out is all international waters?

LIEUTENANT COLONEL FIEDLER: Yes, sir.

THE CHAIRMAN: There are no national waters involved, as I understand it.

LIEUTENANT COLONEL FIEDLER: I might say too, that the outline of this area will set no precedent whatsoever. While you might say there is no time limit, you might say also that it is a temporary measure and sets no precedent whatsoever.

MR. SHEN: May I understand that it is temporary but indefinite?
limit

LIEUTENANT COLONEL FIEDLER: There is no time/set, yes sir.

MR. SHEN: But in principle, it is of temporary character, isn't it?

LIEUTENANT COLONEL FIEDLER: Yes. I think the final decision as to where the Japanese shall fish, will have to be left up to the Peace Treaty.

MR. SHEN

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MR. SHEN: Another point I may ask for my information, is that whether I may correctly understand that the area already authorized--that is, this area (points to map)--

LIEUTENANT COLONEL FIEDLER: Yes, sir.

MR. SHEN: --produces the amount, the three million metric tons which are the Japanese present requirements.

LIEUTENANT COLONEL FIEDLER: Sir, we hope it will produce three million tons. It will depend greatly upon the run of one particular kind of fish, the sardine. Roughly half of the entire catch in Japan has been sardines. During the last three or four years the production of sardines has been going down. In order to assure that we may get three million tons to feed the Japanese people, the extension of the area is suggested. We also hope to obtain Vitamin A which comes from tuna and bonito regions. That is an item in world demand at the present time and various countries have been calling on Japan to reactivate that area. The tuna and bonito are down to the east in Japan in the area where, we have reason to believe, there is no^{one} fishing at the present time. The tuna also--the meat of the tuna will supply the markets of Yokohama and Tokyo. The other fisheries which will be reactivated will be trawling. That will be conducted down by the southwest corner of the area. The fish from that part of the fisheries are marketed primarily in Kobe, Osaka and Kyoto. We hope that by this extension of area, some three thousand tons of fish will be produced each month. That is a bare minimum. It may go up to five thousand tons or more, and we feel that this is an industry that can be started in--you don't have to plant seed, or cultivate the ground, but it can start immediately. In other words, if this is approved today, we can get out a directive immediately and they can go fishing. They have the boats, equipment and men. It is up to us to authorize it.

MR. SHEN: According to the explanations and the facts bearing on the problem, the area already authorized provides the present Japanese requirements, so--

THE CHAIRMAN: MR. SHEN, I think you have misread that paragraph number 4. My understanding of that is that the newly marked area will correspond with that area before the war which produced that amount of fish.

MR. SHEN: Oh, I see.

THE CHAIRMAN: Is that correct, COLONEL?

LIEUTENANT COLONEL FIEDLER: No, not quite. As formerly provided.

THE CHAIRMAN

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THE CHAIRMAN: As formerly provided.

LIEUTENANT COLONEL FIEDLER: This is the presently authorized area. It formerly provided roughly three million tons of fish.

THE CHAIRMAN: But is not doing so now.

LIEUTENANT COLONEL FIEDLER: As I explained in the beginning, in order to assure that we may get three million tons, the additional area is suggested. I should say roughly at the present time, the Japanese fishing industry may be producing at the rate of 75 to 80 per cent of the three million tons. At that rate, in other words, we need additional areas to get more fish.

MR. SHEN: Do you mean in excess of the Japanese requirements?

LIEUTENANT COLONEL FIEDLER: No. To barely meet the Japanese requirements. In addition to that, if they do get more than three million tons, there probably will be a market here for the additional amount. If not, that fish will be available to the neighboring Asiatic countries or other countries.

SOVIET INTERPRETER: The GENERAL would like to ask a question.

(LIEUTENANT GENERAL DEREVYANKO addresses the Council in Russian.)

LIEUTENANT GENERAL DEREVYANKO (as interpreted): From what countries were received inquiries for purchase of sperm oil and fish liver oils from Japan?

LIEUTENANT COLONEL FIEDLER: They came mainly from the United States, although the request was made, I believe, through the combined Food Board which represents, as you know, the United Kingdom and other countries.

THE CHAIRMAN: The British Commonwealth Member?

MR. BALL: Gentlemen, I would support this as a provisional measure on the positive ground that it is a good thing to do anything that will enable the Japanese by their own efforts to increase their food supply and thereby help to reduce the need for food imports, and on the negative ground, on which we would of course accept the SCAP assurance, that security would not in any way be endangered by this new provision. I would suggest then, MR. CHAIRMAN, that paragraph 6 of the staff study might perhaps be restated just in case that paragraph might be taken as an indication of SCAP policy. I suggest that it might be restated in two ways. First of all to make clear that this proposed extension is without prejudice to the number and type of fishing vessels that will be allowed Japan, since this is, I think, a question of policy that has not yet been determined. The other qualification I suggest is that the fact that the Japanese may

increase

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increase the numbers or improve the types of their ocean-going fishing vessels should not be regarded in itself as a ground for extending the area over which they should be permitted to fish. There is just a suggestion here in paragraph 6 that because the Japanese are repairing certain ocean-going ships it would be a pity not to let them use them on the ocean. I think that kind of suggestion does need to be avoided. The area in which they shall finally fish and the number and types of fishing vessels allowed them should be regarded as questions to be decided hereafter, and those questions should not be prejudiced in any way by a decision to extend the fishing areas.

THE CHAIRMAN: COLONEL FIEDLER would like to make a few comments.

LIEUTENANT COLONEL FIEDLER: In regard to security angle, this proposal has been passed by the Military Authorities, both Army and Navy. The security is taken care of.

MR. BALL: I have accepted that.

LIEUTENANT COLONEL FIELDER: In regard to the Japanese going ahead and remodeling boats and building new boats of a better type, we have told them that there is no assurance that if those boats are built, that they will be used in Japanese waters or waters near Japan. In other words, they are building those boats at their own risk.

THE CHAIRMAN: Does the Soviet Member have any comments to make?

SOVIET INTERPRETER: Yes, the GENERAL has some questions.

(LIEUTENANT GENERAL DEREVIANKO addresses the Council in Russian.)

LIEUTENANT GENERAL DEREVIANKO (as interpreted): What would be the volume of the estimated excess of fish-catch in Japan and to what areas is it intended to export this excess?

LIEUTENANT COLONEL FIEDLER: If this new proposal is adopted, we figure it as some three thousand tons per month additional fish will be brought in, a minimum of three thousand tons and possibly going up to five thousand tons per month. These fish will be marketed primarily in the larger cities in Japan. The tuna and bonito going mainly to Yokohama and Tokyo and this area here (points to map) and the other kind of fish, what we call the bottom fish, going primarily to Kobe, Osaka and Kyoto and the southern part of Japan.

LIEUTENANT GENERAL DEREVIANKO: What was the composition of the Japanese fishing fleet at the beginning of the war, at the moment of surrender, and at present, the total tonnage of the fleet and separate tonnages according to types of vessels?

LIEUTENANT

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LIEUTENANT COLONEL FIEDLER: I can give one general statement at the present time. I cannot give you the exact tonnage of all the vessels. At the time of surrender the Japanese fishing fleet was said to be at 60 per cent of its productive capacity. And I might add that the type of boats left were the smaller craft of fifty to one hundred tons. All the larger boats were gone.

LIEUTENANT GENERAL DEREVYANKO: Are there any other figures available on the subject, sir?

LIEUTENANT COLONEL FIEDLER: We have some figures in my office on the tonnage. I don't rely too greatly on them because we find great difficulty in trying to apply figures to Japanese pre-war years. Also during the war.

LIEUTENANT GENERAL DEREVYANKO: Can you give us information on the size of the fleet engaged prior to the war in the fishing areas allowed at present and the size of the fleet which is actually engaged at present--total tonnage and separately, according to types of vessels?

LIEUTENANT COLONEL FIEDLER: As I say, we have some information along that line in my office. I don't have the figures in my head at the present time. We can supply them if you would like to have them. Although as I said, I don't place too much reliance on the figures.

LIEUTENANT GENERAL DEREVYANKO: Is Japan sufficiently provided with the fleet necessary to manage fishing in the new area or is it supposed to build new vessels in addition to the existing ones?

LIEUTENANT COLONEL FIEDLER: They will have to do both, sir. They have sufficient to operate--I can't tell you the exact percentage--I don't have it with me, but they are building new boats at the present time. There is fishing gear available to operate the tuna fisheries. That requires a very small amount of gear. The catch per unit of effort for the amount of gear expended is much greater than some other fisheries. There will be new boats added to the fleet as the months roll along.

LIEUTENANT GENERAL DEREVYANKO: Is Japan sufficiently provided with fishermen and other personnel for fishing in the new areas?

LIEUTENANT COLONEL FIEDLER: Yes.

LIEUTENANT GENERAL DEREVYANKO: Isn't there an excess of fishermen and other personnel, and if there is, what personnel is in excess, ship crews or fishermen proper?

LIEUTENANT COLONEL

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LIEUTENANT COLONEL FIEDLER: It is rather difficult to answer. I think that every fisherman that wants to enter into the business is now doing so. I don't think there is any shortage of fishermen in Japan, either crews or otherwise.

LIEUTENANT GENERAL DEREVYANKO: Probably there is a lack of personnel?

LIEUTENANT COLONEL FIEDLER: No, I don't think there is a lack of personnel. There are quite a few of the troops in the Japanese Army who were fisherman and they are now returning to their trade.

LIEUTENANT GENERAL DEREVYANKO: Am I correct in understanding that there is no registration of this personnel, and it is difficult to discuss the problem at present?

LIEUTENANT COLONEL FIEDLER: Registration of different fishermen themselves?

LIEUTENANT GENERAL DEREVYANKO: Yes.

LIEUTENANT COLONEL FIEDLER: The different prefectures handle registration of fishermen and boats and vessels and take care of the fishing operation. It would be rather difficult to get the exact number together--the exact number of fishermen engaged. We have figures ranging from one million to one and one-half million people.

LIEUTENANT GENERAL DEREVYANKO: How many fisherman should Japan have if the new areas are authorized?

LIEUTENANT COLONEL FIEDLER: I don't know, sir.

LIEUTENANT GENERAL DEREVYANKO: In paragraph 6 of the staff study it is stated that there are in the Japanese fishing fleet some specialized vessels which lack suitable areas in which to operate in already approved fishing areas. What are these vessels and their number?

LIEUTENANT COLONEL FIEDLER: There are side or trawl vessels--vessels which fish with a net which drags along the bottom. They have been fishing down to the southeast within the prescribed areas. By moving the line to the west, they will have a much larger area in which to fish.

LIEUTENANT GENERAL DEREVYANKO: What is their number?

LIEUTENANT COLONEL FIEDLER: I will have to read this note.

(TO CAPTAIN CROKER): How many vessels were there?

There are two hundred vessels right now that can engage in that fishery and by the time the boats that are now being repaired are built there will be in the neighborhood of 400 vessels.

LIEUTENANT GENERAL

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LIEUTENANT GENERAL DEREVYANKO: Has the Japanese Government received a preliminary approval of the GHQ SCAP of the program of construction of new steel fishing vessels, as it is known that the directive which approved the construction of 48,532 tons of new vessels was issued by the Supreme Commander on 13 May 1946, but part of the new fishing vessels was laid down and some vessels even completed in April 1946?

LIEUTENANT COLONEL FIEDLER: The Supreme Commander approved the building, I believe, of 413 steel vessels. Some of these vessels were already under construction before the end of the war. The other vessels you may be speaking of, may be wooden vessels—small wooden vessels.

LIEUTENANT GENERAL DEREVYANKO: We mean the new steel vessels, sir.

LIEUTENANT COLONEL FIEDLER: Yes, sir. Some were started before the war. Some were authorized to be completed and others were authorized to be built.

LIEUTENANT GENERAL DEREVYANKO: Isn't there any ground to suppose that there are included into the Japanese fishing marine some vessels which are subject to distribution among the Allied Powers?

LIEUTENANT COLONEL FIEDLER: Sir, that is a problem beyond me. That is for the Pauley Commission to decide.

LIEUTENANT GENERAL DEREVYANKO: In paragraph 6, it is mentioned that more supplies and equipment become available for Japanese fishing industries. What supplies and equipment are meant and to what extent is the Japanese fishing industry provided with the necessary equipment, supplies and material, for nets and so forth?

LIEUTENANT COLONEL FIEDLER: Everything is being provided to the Japanese fishing industry, I believe, except petroleum, salt and cotton, and cotton for the manufacture of nets. That is made in Japan by the Japanese, and the nets are being provided through the cotton or will be provided through the cotton imported from the United States. They have been manufacturing nets right along, making a few from time to time and they are being distributed. There is a great need for netting and lines and other types of fishing equipment. I might say that the boats that we believe will fish in the new area have now sufficient equipment to operate.

LIEUTENANT GENERAL DEREVYANKO: As a preliminary opinion I wish to say that in principle I have no objections to permitting the Japanese to conduct fishing and whaling in the suggested area as ~~xxx~~ a temporary arrangement.

THE CHAIRMAN: MR. SHEN, have you come to any definite conclusion in regard to your attitude toward this matter?

MR. SHEN

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MR. SHEN: In principle, I have no objections about this plan of the proposed area if it is of temporary character, only wishing to be given enough time to consult with my Government in regard to the section I have just mentioned, the section, roughly covering the area near Formosa, from the security angle.

THE CHAIRMAN: This is a matter of some urgency and action on it has already been delayed in order that the comments and advice of the Council might be obtained, and I question whether we are justified in holding it over until another meeting. Of course, as United States Member, I look on it with considerable interest, because as you know, the United States is the only country which is sending any food to Japan to help alleviate the shortage here and we are naturally anxious for the Japanese to become self-supporting in food as soon as possible.

MR. SHEN: Yes.

THE CHAIRMAN: MR. SHEN will be interested in learning that the proposal is--that the present authorization does not establish a precedent for any further extension of any authorized fishing area. Does that meet your question, MR. SHEN? The present authorization is not an expression of Allied policy and is not a determination of national jurisdiction of fishing rights in the areas concerned or in any other area. Does that tend to meet your views in the matter?

MR. SHEN: Yes. Roughly, it would meet my wish.

THE CHAIRMAN: Thank you very much, COLONEL FIEDLER.

LIEUTENANT GENERAL DEREVYANKO: MR. CHAIRMAN--

THE CHAIRMAN: Oh?

(LIEUTENANT GENERAL DEREVYANKO addresses the Council in Russian.)

LIEUTENANT GENERAL DEREVYANKO (as interpreted): MR. CHAIRMAN, I would like and hope it will be the desire of my colleagues in the Council, to have some additional information on the subject in connection with the questions that I have asked today, that we might formulate our final suggestions.

LIEUTENANT COLONEL FIEDLER: Yes. We plan to supply you that information on the number and type of vessels and the tonnage of the vessels. I think that was the only question we hadn't answered, except for the number of fishermen. That will be very difficult to obtain, I am afraid.

LIEUTENANT GENERAL DEREVYANKO: Thank you, sir.

THE CHAIRMAN: MR. BALL, have you any further comment?

MR. BALL

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MR. BAIL: No, I have already said I approve with the two qualifications to that paragraph.

THE CHAIRMAN: Thank you very much, COLONEL. Thank you, CAPTAIN CROKER.

LIEUTENANT COLONEL FIEDLER: Thank you, sir.

Enclosure no. 3 to Despatch no. 481, July 1, 1946, from the United States Political Adviser for Japan, Tokyo, on the subject "Extension of Japanese Fishing and Whaling Areas".

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

APC 500
22 June 1946

AG 800.217 (22 Jun 46)NR
(SCAPIN 1033)

MEMORANDUM FOR: IMPERIAL JAPANESE GOVERNMENT

THROUGH : Central Liaison Office, Tokyo

SUBJECT : Area Authorized for Japanese Fishing and Whaling

References : (a) FLTLOSCAP Serial No. 80 of 27 September 1945.
(b) SCAJAP Serial No. 42 of 13 October 1945.
(c) SCAJAP Serial No. 587 of 3 November 1945.

1. The provisions of references (a) and (b), and paragraphs 1 and 3 of reference (c) in so far as they relate to authorization of Japanese fishing areas, are rescinded.

2. Effective this date and until further notice Japanese fishing, whaling and similar operations are authorized within the area bounded as follows: From a point midway between Nosappu Misaki and Kaigara Jima at approximately 43°23' North Latitude, 145°51' East Longitude; to 43° North Latitude, 146°30' East Longitude; thence to 45° North Latitude, 165° East Longitude; thence south along 165th Meridian to 24° North Latitude; west along the 24th Parallel to 123° East Longitude; thence north to 26° North Latitude, 123° East Longitude; thence to 32°30' North Latitude, 125° East Longitude; thence to 33° North Latitude, 127°40' East Longitude; thence to 40° North Latitude, 135° East Longitude; to 45°30' North Latitude, 140° East Longitude; thence east to 45°30' North Latitude, 145° East Longitude rounding Soya Misaki at a distance of three (3) miles from shore; south along 145th Meridian to a point three (3) miles off the coast of Hokkaido; thence along a line three (3) miles off the coast of Hokkaido rounding Shiretoko Saki and passing through Nemuro Kaikyo to the starting point midway between Nosappu Misaki and Kaigara Jima.

3. Authorization in paragraph 2 above is subject to the following provisions:

(a) Japanese

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(a) Japanese vessels will not approach closer than twelve (12) miles to any island within the authorized area which lies south of 30° North Latitude with the exception of Sofu Gan. Personnel from such vessels will not land on islands lying south of 30° North Latitude, except Sofu Gan, nor have contact with any inhabitants thereof.

(b) Japanese vessels or personnel thereof will not approach closer than twelve (12) miles to Takeshima (37°15' North Latitude, 131°53' East Longitude) nor have any contact with said island.

4. The present authorization does not establish a precedent for any further extension of authorized fishing areas.

5. The present authorization is not an expression of allied policy relative to ultimate determination of national jurisdiction, international boundaries or fishing rights in the area concerned or in any other area.

FOR THE SUPREME COMMANDER:

(signed)
JOHN B. COOLEY,
Colonel, AGD,
Adjutant General.

Enclosure no. 4 to Despatch no. 481, July 1, 1946, from the United States Political Adviser for Japan, Tokyo, on the subject "Extension of Japanese Fishing and Whaling Areas".

ALLIED COUNCIL FOR JAPAN
TOKYO
OFFICE OF THE MEMBER
FOR
THE UNION OF SOVIET SOCIALIST REPUBLICS
PRESIDENT OF THE ALLIED COUNCIL FOR JAPAN

(Translation)

Ambassador G. Acheson

Copies: Member of the Allied Council for Japan
from the United Kingdom, Australia,
New Zealand and India.
Mr. W. M. Ball

Member of the Allied Council for Japan
from China
Lieut. Gen. Chu Shih-ming

Honorable Ambassador,

This is to inform you of the following: At the last meeting of the Allied Council, I stated as a preliminary opinion that I had no objections to temporary fishing and whaling rights for the Japanese within the proposed area.

I have just received a directive from my Government in which it is opposed to the enlargement of the existing Japanese fishing areas, for the following reasons:

1. The area now allotted to the Japanese more than fulfills the internal Japanese demands since, according to the records of the General Headquarters, the catch in that area guarantees from 30 to 40 Kgs of fish annually per person.
2. The extension of fishing areas for Japan is directly concerned with the creation of a large ocean going fishing fleet. However, the size of the Japanese fishing must be subject to discussion by the Allies and the Far Eastern Commission, which must determine the size of the postwar Japanese fleet.

Respectfully,

Member of the Allied Council
for Japan from the U.S.S.R.

/s/ K. N. DEREVYANKO
/t/ K. N. DEREVYANKO
Lt. General

No. 40213
20 June 1946

Enclosure no. 5 to Despatch No. 481, July 1, 1946, from the United States Political Adviser for Japan, Tokyo, on the subject "Extension of Japanese Fishing and Whaling Areas".

ALLIED COUNCIL FOR JAPAN
TOKYO
OFFICE OF THE MEMBER
FOR
THE UNITED STATES OF AMERICA

24 June 1946

Dear General Derevyanko:

I have now, on 23 June, received an English translation of your letter in the Russian language dated 20 June 1946 in regard to the question of the extension of existing Japanese fishing areas which was discussed at the meeting of the Allied Council for Japan on 12 June.

The Supreme Commander has been informed that, as stated in your letter, your Government is opposed to the temporary emergency extension of the areas in question. As you may have noted, a directive was issued to the Japanese Government under date of 22 June 1946 authorizing the proposed extension.

As regards the question of the estimated catch mentioned in your letter, I should like to point that the figure of three million metric tons was, of course, largely speculative and was based in part upon the circumstance that the bulk of the catch is always sardines. This estimate was also based upon the average catch obtained during pre-war years when the Japanese fishing fleet, equipment and facilities for handling fish ashore were in far better condition than they are today. If the sardine catch does not measure up to the estimated figure, the Japanese will be unable even to approach the total estimated tonnage. For the Japanese to realize this estimate it will be necessary for them to carry out with the utmost speed an extensive program of repair and rehabilitation of their fishing fleet and related facilities.

I perceive no connection between the question of post-war size of the Japanese fishing fleet and this temporary emergency extension of fishing areas which will merely enable the Japanese to operate ships which could not otherwise be used in order to increase their food supply.

As I mentioned during the meeting of the Council in question, the food situation in Japan requires urgent alleviation. The extension of the fishing areas is a step in that direction. The question is of special interest to the United States because of the current great drain on the United States food supply re-

sulting

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sulting from the worldwide shortage and because also the United States is the only country sending food to Japan to alleviate conditions here.

Very sincerely yours,

/s/ GEORGE ATCHESON, JR.
GEORGE ATCHESON, JR.
Chairman, Allied Council
for Japan

Copies to: Member for China
Member for British Commonwealth

Lieutenant General Kuzma Derevyanko,
Member for the Union of
Soviet Socialist Republics,
Allied Council for Japan,
Tokyo.

DEPARTMENT OF STATE

Memorandum of Conversation

DATE: July 8, 1946

SUBJECT: Meeting of Subcommittee of Committee 2, of the Far Eastern Commission, at the former Japanese Embassy, July 8, 1946, 3:00 p.m. -- Proposed Extension of Japanese Fishing Areas.

PARTICIPANTS: Dr. K. K. Tsien, Chinese Purchasing Commission, Chairman
 Dr. A. Koo, China
 Mr. A. P. Korobochkin, USSR
 Mr. L. I. Pavlov, USSR
 Dr. G. A. P. Weyer, Netherlands
 Mr. W.E.S. Flory, U.S. Dept. of State
 Mr. E.R. VanSant, U.S. Dept. of State
 Mr. D. G. Badger, Secretary

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 IR - Mr. Linville

* * * 1-1493

This special Subcommittee met for the purpose of seeking further clarification of a matter arising out of a meeting of the Allied Council for Japan, held in Tokyo on June 12, 1946.

SUMMARY OF DISCUSSION AT MEETING OF A.C.J.

At the Tokyo meeting, a proposal to extend the area in which the Japanese are presently authorized to conduct fishing and whaling was brought up for discussion. The authorized area would be extended south to 24° North Latitude, east to 165° East Longitude, and slightly to the west and southwest of Kyushu. It was stated that this extension would not endanger security. Mr. Atcheson, Chairman of the A.C.J. meeting, stated that this item had been placed first on the agenda "because of the growing urgency of the food problem in Japan." Lt. Col. Fiedler stated that it was the hope of SCAP that the allotment of the new area would result in the taking of 3,000,000 tons of fish annually. He added that at present only 75% to 80% of the hoped-for 3,000,000 tons is being produced, and that the proposed added area is needed to get more fish. At the end of the discussion, the member for China, and the member representing the U.K., Australia, New Zealand and India, concurred with the proposal of SCAP to extend the Japanese fishing and whaling area, provided it was a temporary authorization which does not constitute a precedent. The Member for the USSR reserved the right to formulate his final suggestions until after he receives replies on several questions raised by him at the meeting.

DISCUSSION

JUN 11 - 1946

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DISCUSSION AT SUBCOMMITTEE MEETING, JULY 8, 1946.

The Soviet group in the Far Eastern Commission presented a set of proposals (see Attachment 1). Mr. Korobochkin elaborated these proposals, stating that the USSR wishes to withhold approval of the proposed expansion of fishing areas until some decision is reached on the size of the fleet to be permitted to Japan. He said that determination of the size of the fishing fleet need not be considered along with determination of the size of the merchant fleet. He reiterated the statement that, assuming the extended areas, the Japanese would catch more fish than they had available in the pre-war period, and that Japanese per capita fish consumption is already the highest in the world.

Mr. Flory then presented the following points: (1) The objective of making the Japanese self-sufficient in food has not yet been achieved; (2) Facilities and equipment appear to be available in Japan to increase the supply of fish. An increase in the fish supply might reduce the dependence on other foods, which have to be shipped into Japan; (3) Any conclusions reached now, either on extension of Japanese fishing areas or on number of fishing boats permitted to the Japanese, are to be construed as temporary, and without prejudice to any future determinations to be made by FEC.

At this point, the Chairman, Mr. Tsien, circulated a draft of a proposed recommendation by the Subcommittee (see Attachment 2). Mr. Korobochkin said that this draft was not acceptable to him. Mr. Flory stated that the Chairman's draft appeared to be in general accord with our views and in accord with the SWNCC directive concerning fisheries, but that the United States would want to give careful consideration to the draft in relation to the specific questions and figures presented orally by the USSR representative.

Mr. Badger then presented the following figures:

The present fish catch (on an annual basis) is 4,135 million pounds as compared with a pre-war catch of 12,405 million pounds. The new program aims to increase production to 6,116 million pounds annually. (ATIS Translation No. 47, Item 4/843, June 17, 1946) Per Capita consumption of fish in Japan was 119 grams per day in 1941 and 70 grams per day in 1945 (FBIS, No. 127, BI-15)

Mr. Korobochkin stated that there was actually not much difference in these figures because prior to the war a large part of the Japanese fish catch was exported. He contended that three million tons of fish would be adequate for the Japanese and that an expansion of their fishing areas would put the Japanese in a better situation than India, China and many other countries. He believed that the solution of the food problem would better be sought by solving the land problem in Japan. To Mr. Flory's inquiry whether the Soviets felt that this was a problem of the general level of the Japanese diet, with consumption of fish contributing to excessive diet, or whether the USSR was basing its comments on a comparison of pre-war and present average consumption of fish,

without

without reference to the quantity and value of other items in the diet, Mr. Korobochkin replied that objection was based on the former consideration. Mr. Flory then asked whether the Soviet objection would be met if the Japanese should dispose of such excess fish, if any, in other areas. Mr. Korobochkin then expressed the fear that an extension of the Japanese fishing areas would be used as an excuse by the Japanese to export fish and, in exchange therefor, get additional food for themselves. He objected to the Japanese having any priority over other peoples in getting food. If they need other special foods he believed it preferable that they export bicycles, textiles, or other of their products to obtain the necessary foreign exchange. To this proposal Mr. Flory asked what objection there was to using fishing equipment and personnel already available.

Mr. Korobochkin stated that if the Japanese had fishing vessels in excess of food requirements they should be made available to other Far Eastern countries to increase the food supplies in other areas of food shortages. To this Dr. Weyer observed that the Russians should then propose that part of the Japanese fleet be set up for reparations. Mr. Flory's comment was that he was not prepared to discuss any questions of reparations at this time.

It was the feeling of the group that Mr. Flory's suggestion to obtain further information from SCAP would be the most desirable procedure to follow for the present. The following questions were then suggested:

1. Will any of the fish caught consequent to the expansion of the fishing area be used for export?
2. What percentage does fish make of the total calorie intake of the Japanese people?
3. To what extent may fish be used as a substitute for foods now being imported into Japan?
4. How does total alimentation of the Japanese compare with that of other peoples?
5. (Suggestion by Mr. Korobochkin) Is there a possibility of increasing the catch in the area presently open to Japanese fishing, without extending the area and without using larger vessels?

Mr. Tsien requested further assurance that the proposed extension would not prejudice any future arrangements with respect to the size of the fleet or extent of fishing areas.

It was the desire of the Subcommittee that the State Department present these questions to SCAP and upon receipt of SCAP's answer, that the matter come up for further consideration. Mr. Korobochkin felt it preferable that the request go through official FEC channels, but the other members of the group believed that this would consume too much time.

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IR:ERVanSant:bmd
7/13/46

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ATTACHMENT 1

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PROPOSALS

of the Soviet group in the Far Eastern Commission
on the question of the extension of areas for Japanese fishing.

At the meeting of the Allied Council for Japan, held on June 12, 1946, a question was raised of the extension of areas for Japanese fishing. SCAP's Headquarters in Japan had planned to extend the areas for Japanese fishing about twice as much as the areas existing at present. The extension of the areas for fishing was motivated by the SCAP's Headquarters mainly by the necessity to give the Japanese an opportunity to use their big fishing fleet.

Such extension of the areas for Japanese fishing legalizes a priori the right of the Japanese to possess a big fishing fleet before this question is decided upon by the Far Eastern Commission which must also determine what fleet should be left for Japan for the post-war period.

According to the statement of the SCAP's Headquarters the existing areas of fishing enable the Japanese to fish out annually about 3 million tons of fish, the figure which represents the average annual catch before the war. This amount of fish caught provides the possibility for every Japanese to consume about 40 kgs of fish per year, which makes a very high norm - non-existent in any other country.

Proceeding from the aforesaid facts the Soviet group in the Far Eastern Commission considers that such extension of the areas for Japanese fishing is premature and therefore undesirable.

COPY

ATTACHMENT 2

68

DRAFT

As a temporary measure for the alleviation of the current food shortage in Japan, the Sub-Committee recommends that FEC approve the extension of fishing areas for Japanese fishermen on the following conditions:

- (1) That this extension is provisional in character and does not prejudice the future determination for fishing area for Japanese fishermen.
- (2) That this extension does not give Japan a priori the right to maintain a large fishing fleet, the size of which will be decided later by FEC.
- (3) That fishing in areas near Allied territory shall not be authorized without the approval of that Allied country.

DCR - ITP Unit

Appr.

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DCIR

DEPARTMENT OF STATE
Telephone
Memorandum of Conversation

DATE: 7-12-46

SUBJECT: Resumption of Whaling Activities by the Japanese

PARTICIPANTS: Mr. Wilhelm Munthe de Morgenstierne
Mr. Penfield - FE

COPIES TO: JK
IR
JA

894.628/7-1246

FORM 1-1483

The Norwegian Ambassador called this afternoon and inquired regarding our attitude toward the resumption of whaling activities by the Japanese. He said that his government felt that the Japanese should be prohibited from engaging in whaling in the future because, largely due to their disregard of international whaling agreements, whales have become so scarce that Japanese participation in the whaling industry now would tend to make unprofitable the whaling operation of the Norwegians and other United Nations nationals. I told the Ambassador that in so far as I knew we had taken no firm position on this question although we felt that Japan should be allowed to develop a reasonable peaceful economy which would naturally include fishing. I explained that the policy on this question would normally come within the jurisdiction of the Far Eastern Commission and suggested, therefore, that he might care to talk informally with the various national representatives of the Commission. I also promised to consult various officers in the Department who might have an interest in this matter and to inform him later if any definite views were developed which could be communicated to him. He thanked me and said that he would talk with Sir George Sansom and other representatives of the Commission.

CS/V

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JUL 15 1946

DCR ITP Unit

JK
FE:JKPenfield:hg

JK
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STANDARD FORM NO. 64

CONFIDENTIAL

Office Memorandum • UNITED STATES GOVERNMENT

TO : Initialling Officers

FROM : IR - Mr. Flory

SUBJECT: Resumption of whaling activities by Japanese

DATE: July 17, 1946

In discussion with FE - Mr. Penfield concerning his memorandum of telephone conversation of July 12, 1946 with Mr. Morgenstierne, Norwegian Ambassador, relating to the above subject, it was agreed that on the basis of Departmental telegram no. 308 to Tokyo, May 14, 1946, and in view of the difficult policy question implied in Mr. Morgenstierne's observations, it might be preferable to await possible authorization by SCAP of Japanese whaling operations for the 1946-47 season.

It was agreed further with Mr. Penfield that, if possible, questions relating to the imposition of a limit on the number of whaling vessels which might operate in the Antarctic in any one season be left for the proposed international whaling conference this fall to which major whaling countries will be invited, including Norway.

It was felt that should SCAP authorize a Japanese whaling expedition in conformity with Department's no. 308, May 14, it would be appropriate for this Government to notify Mr. Morgenstierne informally of the fact. In accordance with this thinking, a proposed telegram to Tokyo, requesting that SCAP notify promptly the Department of any decision taken on this matter, is attached for your consideration.

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OS/JEC

894.628/7-1746

DCR, ITP Unit

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JK FE

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CONFIDENTIAL

Initialling Officers

July 17, 1946

IR - Mr. Flory

Resumption of whaling activities by Japanese

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IR:WESFlory:pmc

JK FE

CONFIDENTIAL

DRAFT TELEGRAM

Confidential

To: SCAP

Norweg~~ian~~ Gov~~ernment~~ has expressed view Jap~~an~~ should be prohibited from future whaling. Dept plans no reply pending SCAP decision ~~as~~ authorized Deptel 308 May 14. Notify Dept promptly SCAP decision and transmit SCAP analysis ~~as to~~ anticipated effectiveness ~~of~~ Jap whaling operation.

WES

IR:WESFlory:pmc

STANDARD FORM NO. 64

Office Memorandum · UNITED STATES GOVERNMENT

DATE: July 13, 1946

WFSF

TO : IR

FROM : FE Mr. Penfield

SUBJECT :

I would appreciate receiving any views you may have on the question covered in the attached memorandum of conversation.

INTERNATIONAL RESOURCES DIVISION

WFSF
JUL 13 1946

DEPARTMENT OF STATE

JKP

FE:JKPenfield:et
July 13, 1946

DEPARTMENT OF STATE
Telephone
Memorandum of Conversation

DATE: 7-12-46

SUBJECT: Resumption of Whaling Activities by the Japanese

PARTICIPANTS: Mr. Wilhelm Munthe de Morgenstierne, Norwegian Ambassador
Mr. Penfield - FECOPIES TO: JK
IR
JA

* * * 1-1493

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FE:JKPenfield:hg

DEPARTMENT OF STATE
Memorandum of Conversation

TR
WES file

DATE: July 19, 1946

SUBJECT:

PARTICIPANTS: Mr. Badger - Secretary of Subcommittee on Extension of Japanese Fishing Areas, Far Eastern Commission
Mr. Flory - IR

COPIES TO:

894.628/7-1946

STANDARD FORM NO. 64

Mr. Badger inquired whether any further action by the Committee or himself would be helpful or appropriate pending of additional information from General MacArthur as requested by the Subcommittee at its meeting on July 8.

I told Mr. Badger that it was likely that there would be some delay in obtaining the information and that, prior to receipt of the information, it did not appear that further action was necessary. I repeated my assurance to Mr. Badger that we would notify him when the information had been received from Tokyo and we were in a position to discuss it further with the Subcommittee.

CS/V

DCR - ITP Unit

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IR:WESFlory:pmc

RWD
JK

JUN 1 - 1946

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STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

TO : A-H - General Hilldring
(Attn: Mr. Reischauer)
FROM : JK - Mr. Whitman

DATE: July 19, 1946

SUBJECT: Resumption of Whaling Activities by Japanese.

In a State Department message on May 14 SCAP was authorized to resume Jap pelagic whaling in Antarctic as an interim measure. The Norwegian Ambassador, however, has objected to permitting Japan to whale in the Antarctic. Before taking up the matter further with Norway, it is essential to find out what steps SCAP has taken on this matter. Accordingly, it is suggested that the War Department be requested to forward to SCAP the following message:

Norwegian Government has expressed view Jap should be prohibited from future whaling. State Department plans no reply pending SCAP decision authorized State DEPTEL 308 May 14. Notify promptly SCAP decision and transmit SCAP analysis anticipated effectiveness Jap whaling operation.

R. D. Whitman

DOR - ITP Unit

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PREPARING OFFICE WILL INDICATE WHETHER

TELEGRAM SENT

PREPARING OFFICE WILL TYPE HERE CLEARLY THE CLASSIFICATION OF THE MESSAGE:

Collect

Department of State

CONFIDENTIAL

Charge Department:

Washington

JUL 25 1946

Charge to

No paraphrase necessary. CONFIDENTIAL

noon

SUPREME COMMANDER FOR THE ALLIED POWERS

TOKYO

413 INFO: War Dept. Chief Staff

FOR POLAD

Norwegian Government has expressed view Jap should be prohibited from future whaling. Department plans no reply pending SCAP decision authorized DEPTTEL 308 May 14. Notify promptly decision and transmit SCAP analysis anticipated effectiveness Jap whaling operation.

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ITP Unit
To: [Signature]
Via: [Signature]
Date: [Signature]
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JUL 25 1946

JK: RHWhitman
7-23-46

RHW (by phone) JK
JKP (by phone) FE
WESF (by phone) IR
A-H

RECEIVED
DIVISION OF
CENTRAL SERVICES

STANDARD FORM NO. 64

Office Memorandum · UNITED STATES GOVERNMENT

DATE:

TO : FE - Mr. Reischer

FROM :

SUBJECT:

Here is the whole file
I spoke to you about - I
suppose there's no harm in
the proposed telegram but
I feel it should go as a Dept tel
rather than thru War as
previous is a Dept tel + its
a matter in which we have
primary interest

JSP