REPRODUCED AT THE NATIONAL ARCHIVES

DECLASSIFIED
Authority JUD 76052
By ____ NARA Date ____

ACTION
is assigned to

THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

UNITED STATES POLITICAL ADVISER FOR JAPAN

No. 575 Tokyo, September 2, 1948.

CONFIDENTIAL

Subject: Negotiation of Trade Arrangement between Siam and Occupied Japan.

RECEIVED
DEPARTMENT OF STATE
1948 SEP 13 AM 8 33
RECEIVED
DEPARTMENT OF STATE
1948 SEP 10 AM 9 17

THE HONORABLE
THE SECRETARY OF STATE,
WASHINGTON.

SIR:

I have the honor to refer to this Mission's airgram No. A-173 of August 23, 1948 on the above subject and to report on the progress of trade arrangement negotiations between members of the Siamese Trade Mission to Japan and representatives of General Headquarters, Supreme Commander for the Allied Powers.

1/ Preliminary estimates of sales by Siam to Japan have been compiled, and are set forth in the enclosed copy. According to the estimates, sales, in terms of U. S. dollars CIF Japan, will approximate $31,335,100 for the twelve month period envisaged by the trade arrangement (July 1, 1948 through June 30, 1949), including 150,000 metric tons of rice representing $22,500,000 of this figure. In this regard, the Siamese Mission reports that Malaya is unwilling to accept glutinous rice and therefore, Siam may be able to offer 50,000 of glutinous rice to Japan in the near future. This Headquarters has asked the Department of the Army to make a spot request to the I.E.F.C. Rice Committee for these 50,000 tons if and when it is offered by Siam. Additionally, this Headquarters has reached tentative agreement with the Siamese Mission for 100,000 tons of Siamese rice in exchange for rolling stock and other commodities, for which a request will be made for I.E.F.C. allocation. Although the sale of rice by Siam to Japan is predicated upon the receipt of rolling stock, the Siamese Mission has indicated that the delivery of rice to the port in Siam can be made with available rolling stock and that Japanese rolling stock need not be received by Siam prior to the movement of the rice.

Other major items included in the preliminary sales estimates are soybeans, dried green peas and white beans, copra cake, tin ore and tin metal, teakwood, salt, coconut oil, and sesame, cotton, and rape seeds. As is indicated by the enclosed sales estimates, although coconut oil, sesame, cotton, and rape seeds, are not subject to international allocation in so far as Siam is concerned, Japan must obtain an allocation. General Headquarters has indicated that it will

CONFIDENTIAL

692.9431/9-248
CSA
692.9431/9-248
FILED
OCT 1 - 1948

REPRODUCED AT THE NATIONAL ARCHIVES

DECLASSIFIED
Authority NND 760052
By ____ NARA Date ____

it will take an additional 300 tons of tin, if metal allocation can be obtained. The teakwood programmed for import into Japan is intended for use in the shipbuilding industry.

2/ There is also enclosed a copy of the preliminary estimates of purchases by Siam from Japan to which is attached a detailed breakdown of the machinery and metal products being considered for purchase by Siam. According to the estimates, purchases, in terms of U. S. dollars f.o.b. Japan, will approximate $36,895,521 for the twelve-month period envisaged by the trade arrangement. $20,000,000 worth of machinery and metal products constitute the major item of purchase contemplated by Siam, of which figure, $11,817,000 represents rolling stock and accessories. Other items included in the machinery and metal product category consist of industrial machinery and parts, structural steel, telegraph wire, building materials, electrical appliances and equipment, sewing machines and parts, and bicycles and parts. Although the Siamese Mission indicated that the unit prices of structural steel products, rails, and other items, such as sewing machines and bicycles, are considered too high, the representatives of General Headquarters took the position that there is little likelihood of any substantial reductions being made in the price of steel products in view of the high cost of raw materials. However, they stated that a review would be made of unit prices and reductions made where possible. The SCAP representatives also pointed out that although Japanese prices on certain steel products are necessarily higher than U. S. quotations on similar products, they are in a position to assure the Siamese of earlier delivery dates.

In addition to machinery and metal products, the Siamese Mission is considering the possible purchase of approximately $9,000,000 worth of textile products, certain foodstuffs, chemicals, paper and wood products, pottery, glass and enamelware, rubber products, aluminum and ironware, and miscellaneous consumer goods items.

As yet, no decision has been reached by the Siamese Mission regarding the method by which trading operations under the proposed arrangement are to be conducted, or in what currency trade is to be expressed. The Siamese Mission has indicated, however, that it is giving serious consideration to limiting trade to the Siamese Government in the items covered by the proposed arrangement and conducting trade on an open account basis, accounts to be maintained by the Siamese Government. The Siamese Mission indicated that it would prefer to express this trade in sterling rather than in U. S. dollars. However, the representatives of this Headquarters, after consultation with appropriate officials of the United Kingdom Liaison Mission in Japan, have informed the Siamese that the matter of sterling trade is one for coordination between the Siamese and British Governments in London. The United Kingdom Mission expressed an informal opinion that permission would only be granted if the Siamese would guarantee conversion of any balance due under the arrangement at the official rate of $4.03.

In the above connection, it is understood that the pound ster-

sterling

REPRODUCED AT THE NATIONAL ARCHIVES

DECLASSIFIED
Authority JLAB 76052
By ____ NARA Date ____

Tokyo's No. 575
September 2, 1948

CONFIDENTIAL

-3-

sterling in Siam is quoted officially at 40 tical, whereas the current open market rate is 60 tical. The U. S. dollar, on the other hand, is quoted officially at 10 tical, with an open market rate of 20 tical. Siam has no foreign exchange controls and the Trade Mission representatives apparently are thinking in terms of a 60 tical pound in relation to an 80 tical or $4.03 pound (assuming SCAP were to make sterling quotations which would be in terms of a $4.03 pound). If trade between Siam and Occupied Japan were to be expressed in sterling, this Headquarters would, in effect, be a party to an agreement which depreciates the pound sterling. Although a decision has not been reached by the Siamese Mission in this regard, present indications are that Siamese-Japanese trade will be expressed in terms of U.S. dollars. With respect to open market rates in Siam, this Headquarters has taken the position that in the final analysis, SCAP can only take cognizance of the official rate for the purpose of conducting trade under any trade arrangement concluded with Siam.

Respectfully yours,

W. J. Sebald.

Enclosures: X att

1. Copy of Preliminary Estimates of Sales by Siam, Revised as of August 29, 1948.
2. Copy of Preliminary Estimates of Purchases by Siam, Revised as of August 28, 1948.

Original and hectograph to Department.

Copy to:
American Embassy, Bangkok

631
DMBanc:mis

CONFIDENTIAL

REPRODUCED AT THE NATIONAL ARCHIVES

DECLASSIFIED
Authority NND 760050
By ____ NARA Date ____

CONFIDENTIAL

Enclosure No. 1 to Despatch No. 575 dated September 2, 1948 from the Office of the Political Adviser for Japan, Tokyo on the subject, "Negotiation of Trade Arrangement between Siam and Occupied Japan".

(COPY)

SIAM-JAPAN TRADE PLAN

Preliminary Estimates
(Revised as of 29 Aug 1948)

SALES BY SIAM TO JAPAN(a)
(All values in terms of U.S. $ CIF Japan)

Commodity	Approximate Unit Price	Quantity in M.T.	CIF $ Value
Hides & Skins (cow & buffalo)	$		$ 120,000
Rice	150	150,000	22,500,000
Tapioca Flour (edible)	155	2,000	310,000
Ground Nuts	265	1,000(b)	265,000
Soybeans	160	5,000(b)	800,000
Green Peas, Dried(c)	135	5,000	675,000
White Beans, Dried(c)	150	2,000	300,000
Copra Cake	75	14,000	1,050,000
Tin Ore(c)	1,100	1,000	1,100,000
Tin Metal(d)	2,200	200	440,000
Gum Copal	500	50(e)	25,000
Gum Dammar	400	50(e)	20,000
Teakwood (Selected Indian 1st class squares-15"x18" and larger)	230	500(e)	115,000
Salt	19	80,000	1,520,000
Rubber	417	300(e)	125,100
Coconut Oil(f)	430	3,000(b)	1,290,000
Sesame Seed(f)	300	500(b)	150,000
Cotton Seed(f)	40	3,000(b)	120,000
Rape Seed(f)	220	500(b)	110,000
Buffalo Horns	250	50	12,500
Shellac	1,250	100(e)	125,000
Hide Fleshings	100	300	30,000
Hide Trimmings	225	300	67,500
Glue Bones	130	500	65,000
		TOTAL	31,335,100

(a) Estimates represent firm contracts entered into between 1 July 1948 and 30 June 1949.

(b) Additional quantities can be used if made available by Siam.

(c) Not subject to International Allocation.

(d) Subject to C.T.C. allocation, additional quantities can be used by Japan.

(e) Additional quantities available from Siam.

(f) Although not under I.E.F.C. allocation as far as Siam is concerned, Japan will be required to obtain I.E.F.C. authorization in order to purchase.

CONFIDENTIAL

REPRODUCED AT THE NATIONAL ARCHIVES

DECLASSIFIED
Authority NND 760052
By _____ NARA Date _____

DENTIAL

Enclosure No. 2 to Despatch No. 575 dated September 2, 1948 from the Office of the Political Adviser for Japan, Tokyo on the subject,"Negotiation of Trade Arrangement between Siam and Occupied Japan".

(COPY)

SIAM-JAPAN TRADE PLAN

Preliminary Estimates
(Revised as of 28 Aug 1948)

PURCHASES BY SIAM FROM JAPAN(a)
(All values in terms of U.S. $ FOB Japan)

Commodity	Unit	Approximate Unit Price	Quantity	FOB $ Value
Textile Manufactures		$		$
Cotton Shirting, grey, whites & dyed				$ 4,000,000
Cotton drills & jeans				1,500,000
Cotton poplin, plain, dyed and striped				1,500,000
Miscellaneous, includes lawns, voiles, blankets towels, rayon piece goods, cotton yarns 20's-40's				2,000,000
Foodstuffs				
Canned Abalone	48/225 grs.c/s	19.50	1,333	26,000
Dried Cuttlefish(squid)	piculs	62.00	100	6,100
" " "	"	54.00	667	36,000
" Seaweed	Cwt.	55.00	667	36,667
" Compoy	piculs	185.00	333	61,667
Aginomoto	120/3½ oz.c/s	84.00	167	14,000
"	36/14 " "	85.00	167	14,167
"	24/28 " "	105.00	167	17,500
Machinery & Metal Products				
Industrial Mchy. & Parts				2,877,000
Structural Steel				3,290,000
Telegraph Wire				33,000
Building Material				1,080,000
Elect. Appl. & Equip.				525,000
Sewing Machines & Pts.				168,000
Bicycles & Parts				210,000
Rolling Stock & Accessories				11,817,000
Chemicals				
Bleaching Powder				
70% Chlorine	M.T.	380.00	180	68,400
60% "	M.T.	326.00	360	117,360
Pigments	M.T.	40.00	380	15,200
Copper Sulphate	M.T.	140.00	20	2,800
Aluminum Sulphate	M.T.	34.50	2,000	69,000
Zinc Oxide	M.T.	248.00	240	59,520
Menthol	Lb.	8.25	1,000	8,250
Borneol				
Flake	Lb.	3.25	5,000	16,250
Lump	"	2.50	3,000	7,500
Powder	"	1.50	3,000	4,500
Camphor				
Powder	Lb.	.85	50,000	42,500
Slab	"	.90	15,000	13,500
Tablets	"	1.05	20,000	21,000
Phosphorous(lead)	M.T.	900.00	60	54,000

REPRODUCED AT THE NATIONAL ARCHIVES

DECLASSIFIED
Authority NND 760052
By ____ NARA Date ____

CONFIDENTIAL

Encl. No. 2 to
Tokyo's No. 575
September 2, 1948

(COPY)

Commodity	Unit	Approximate Unit Price	Quantity	FOB $ Value
Paper & Paper Products		$		$
Kraft Paper	M.T.	200	20	4,000
Newsprint	M.T.	190	1,000	190,000
Writing, Printing & Bond	M.T.	400	300	120,000
Cellophane	M.T.		400	560,000
Strawboard	M.T.		300	56,000
Wood Products				
Plywood	Sq. Ft.	.12	5,000,000	600,000
Asbestos Cement Sheets	M.T.	120	100	12,000
Rubber Manufactures				
Auto Tires & Tubes	Set	22.45	48,000	1,077,600
Bicycle Tires & Tubes	Set	1.00	120,000	120,000
Rice Brakes for Mills	Set	.75	24,000	18,000
Shoes	Pair	.50	120,000	60,000
Belting	Ft.	.02		10,000
Rubber Hose	Ft.	.10		10,000
Enamelware, inc. Basins, Plates, Spoons, Cauldrons, etc.	M.T.	120	2,000	240,000
Aluminum & Ironware	M.T.	1,067	2,400	2,560,800
Pottery, Porcelain, Glass & Glassware				
Soup & Meat Plates	M.T.	150	500	75,000
Tiles	Pcs.	.05	2,400,000	120,000
Porcelainware for Bathrms.	Sets	10.00	24,000	240,000
Porcelain Insulators	Each	.10	200,000	2,000
Glass Scientific & Surgical Instruments	Each	.35	10,000	3,500
Glass Products (Tumblers, etc.)	M.T.	62.50	2,000	125,000
Window & Sheet Glass	M.T.	83.33	1,800	150,000
Glass Bulbs	Each	.15	2,000,000	300,000
Oil & Hurricane Lamps				10,000
Miscellaneous				
Watch & Clocks	Gross	187.20	100	18,720
Pencils	Gross	.85	1,200	1,020
Miscellaneous includes Thermos Bottles, Brushes, Musical Instruments, Phonographs & Records, Cameras, Cigar & Cigarette Lighters, etc.				500,000
			TOTAL	$36,895,521

(a) Estimates represent firm contracts entered into between 1 July 1948 and 30 June 1949.

CONFIDENTIAL

REPRODUCED AT THE NATIONAL ARCHIVES

DECLASSIFIED
Authority JJAJ 760052
By _____ NARA Date

CONFIDENTIAL

Encl. No. 2 to
Tokyo's No. 575
September 2, 1948

(COPY)

SIAM-EXPORT PROGRAM 30 August 1948

A--60 days delivery
B--30 June 49 delivery
C--After 30 June 49 delivery

Description	Quantity	Unit Price FOB Japan	Delivery A	AB	B	BC	C	Approx. Total Price FOB Japan
Ind. Mach. & Parts		$				X		$ 2,877,000
All types, including complete plants, such as match making, oil pressing, textile machinery, etc.								
Structural Steel								3,290,000
Struc. Steel Complete Bridge	10,000 MT	300				X		3,000,000
Concrete Reinforcing Bars	1,500 MT	165			X			250,000
Corrugated Galvanized Steel Sheets 24 Guage 3'x6'	200 MT	200			X			40,000
Telegraph Wire								33,000
Telegraph wire-Galvanized								
Steel Wire 3mm	20MT	650			X			13,000
Steel Wire 4mm	30 MT	650			X			20,000
Building Materials								1,080,000
Galvanized Corrugated Iron Sheets & Roofing	1,000 MT	200				X		200,000
Wire Nails	500 MT	200				X		100,000
Iron Hinges	500 MT	400				X		200,000
Bolts, Nuts & Wood Screws	1,000 MT	250				X		250,000
Mild Steel Bars	2,000 MT	165				X		330,000
Elec. Appl. & Equip.								525,000
Elec. Wire & Fittings	500 MT	650				X		325,000
Radio Receivers & Parts	5,000 Sets	10			X			50,000
Elec. Motors, ¼ to 50 HP	500 Sets	150			X			75,000
Electric Fans	5,000 Sets	15			X			75,000

CONFIDENTIAL

REPRODUCED AT THE NATIONAL ARCHIVES

DECLASSIFIED
Authority JLAB 76-0050
By ____ NARA Date ____

Dept. of State Incoming Telegram
Tokyo's No. 575
September 2, 1948
CONFIDENTIAL

Encl. No. 2 to
Tokyo's No. 575
September 2, 1948

Description	Quantity	Unit Price FOB Japan	Delivery A	AB	B	BC	C	Approx. Total Price FOB Japan
Sewing Machines & Parts		$						$ 168,000
Sewing Machines	4,000 Sets	35			X			140,000
Sewing Machine Accessories					X			28,000 (20% of above value)
Bicycles & Parts								
Bicycles	10,000 Sets	17.50			X			175,000
Bicycle Spare Parts								35,000 (20% of above value)
Rolling Stock & Acces.								11,817,000
MIKADO Steam Locomotives	30 Sets	62,500				X		1,875,000
PACIFIC Steam Locomotives	20 Sets	63,500				X		1,270,000
Passenger Coaches 2nd Class	60 Sets	20,450				X		1,227,000
Passenger Coaches 3rd Class	60 Sets	15,750				X		945,000
Freight Cars	500 Sets	3,200				X		1,600,000
Spare Parts & Accessories for Rolling Stock						X		2,000,000
Machine Tools for Central Work Shops						X		1,000,000
Electrical Equipment & Accessories for Central Work Shops						X		500,000
50 lb. Rails with Accessories, including 100 turnout switches	800 M.T.	175					X	1,400,000
					TOTAL			$20,000,000