REPRODUCED AT THE NATIONAL ARCHIVES

DECLASSIFIED
Authority JUD 760052
By ____ NARA Date ____

THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

POLICY

ACTION
is assigned to

UNITED STATES POLITICAL ADVISER FOR JAPAN

No. 584 1948 SEP 23 PM 3 Tokyo, September 7, 1948

CONFIDENTIAL

MESSAGE CENTER

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

DIVISION OF COMMERCIAL POLICY
No action required
SEP 24 1948
DEPARTMENT OF STATE

RECEIVED
DEPARTMENT OF STATE
1948 SEP 21 PM 3 41
DOCUMENTS SECTION
FACILITIES BRANCH

RECEIVED
DEPARTMENT OF STATE
1948 SEP 22 PM 12 50

THE HONORABLE
THE SECRETARY OF STATE,
WASHINGTON.

692.9431/9-748

D C/L ITP FE L OFD

I have the honor to refer to this Mission's despatch No. 575 of September 2, 1948 on the above subject and in that connection to enclose a copy of the final draft of the proposed trade arrangement between Siam and Occupied Japan, and a copy of the final draft of the proposed financial arrangement for trade between Siam and Occupied Japan. The preliminary estimates of sales by Siam to Japan, enclosed with the aforementioned despatch, remain unchanged; however, the preliminary estimates of purchases by Siam from Japan, also enclosed with the same despatch, have been increased from $36,895,521.00 to $36,918,021.00. The increase of $22,500.00 being shown in the proposed purchase of enamelware. The drafts enclosed, together with the preliminary estimates will now be referred to the Supreme Commander for the Allied Powers and the Government of Siam for approval.

1/ 2/

cc: Embassy, Bangkok

It will be noted that the final draft of the Siamese trade arrangement is an abbreviated version of the final draft of the sterling area trade arrangement and incorporates verbatim several of the paragraphs contained therein, particularly d. and e. The arrangement covers the period July 1, 1948 through June 30, 1949, and provides that trade may be carried on through both government and private channels and shall be conducted in accordance with the attached financial arrangement.

The final draft of the proposed financial arrangement indicates that trade will be handled on an open account basis and will be expressed in terms of U. S. dollars. It provides that the accounts will be settled as of June 30 and December 31 of each year, with the first settlement date being June 30, 1949. Payment of any net credit balance accruing under the "Siam-Occupied Japan Open Account" shall be made in U. S. dollars. In this connection, the Siamese Trade Mission has indicated that it favors the method of conducting trade currently utilized between Occupied Japan and Hong Kong. In such case, trade on private account would be as follows: A private Siamese im-

importer

FILED
SEP 23 1948

692.9431/9-748

CS/A

REPRODUCED AT THE NATIONAL ARCHIVES

DECLASSIFIED
Authority JLJ-B 76-052
By NARA Date

ACTION
is assigned to

CONFIDENTIAL

importer of Japanese goods under the trade plan would pay ticals to the designated Siamese Government agency for the desired commodities, and a Siamese exporter of goods to Japan would receive ticals in payment from the same agency, the matter of ultimate settlement of the open account being handled by the Siamese Government. This would involve in effect import and export licensing by the Siamese Government, to be handled either by a government bureau or representative in Japan or by a commercial bank. Experience of this Headquarters to date has indicated the latter to be a more efficient and effective method than the former.

Respectfully yours,

W. J. Sebald.

Enclosures:

1. Final Draft, Siamese Trade Arrangement dated September 2, 1948.
2. Final Draft, Siamese Financial Arrangement dated September 2, 1948.

Original and hectograph to Department

Copy to:
American Embassy, Bangkok

631/800
DMBane:mis

CONFIDENTIAL

REPRODUCED AT THE NATIONAL ARCHIVES

DECLASSIFIED
Authority NND 760052
By ____ NARA Date ____

CONFIDENTIAL

Enclosure No. 1 to Despatch No. 584 dated September 7, 1948 from the Office of the Political Adviser for Japan, Tokyo, on the subject, "Negotiation of Trade Arrangement between Siam and Occupied Japan".

(COPY)

REVISED DRAFT

Tab "A"

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
APO 500

091.31 (Sept 48)ESS/FTC 2 September 1948

MEMORANDUM FOR: The Chief of the Siamese Trade Mission to Japan

SUBJECT: Trade Arrangement between Siam and Occupied Japan

1. The Representatives of the Government of Siam constituting one of the two parties to this Arrangement, having discussed with the Representatives of the Supreme Commander for the Allied Powers (constituting the other party) the measures which might usefully be adopted for the purpose of expanding trade between Siam and Occupied Japan, have agreed to adopt the Trade Plan (attached as Tab "A") on the following basis:

a. This arrangement pertains to the period extending from 1 July 1948, to and including 30 June 1949 and extends to all transactions relating to the purchase and sale of goods in respect of which firm contracts are entered into during the period.

b. All trade shall be conducted in accordance with the terms and provisions of the Financial Arrangement for Trade between the Government of Siam and the Supreme Commander for the Allied Powers to be executed simultaneously with this Arrangement.

c. Trade may be carried on through both government and private channels.

d. The attached Trade Plan, without being restrictive in any way, represents, in the light of the best information available at the present time to the two parties to this Arrangement, the volume of trade which may be expected to flow between Siam and Occupied Japan during the period of this Arrangement and the character it is most likely to assume.

It is emphasized that the Trade Plan is not intended to constitute a commitment, binding on either party, that trade will in fact attain the proportions or assume the character indicated therein; rather does it represent a reasonable computation made in good faith of the volume of sales and purchases likely to be contracted for by the two parties as a result of their desire to develop trade between them to the highest practicable level.

Subject to these considerations, both parties will facilitate

REPRODUCED AT THE NATIONAL ARCHIVES

DECLASSIFIED
Authority NND 760050
By NARA Date

facilitate in every way the sale and purchase of goods as specified in the attached Trade Plan.

e. Should there be reason for either party to this Arrangement to believe at any stage that the volume and character of sales and purchases contemplated in the Trade Plan are not likely to materialize, the parties concerned will consult together to ensure that any modification of the Trade Plan that may be found necessary protects those interests to which either party attaches special importance in relation to the supply of raw materials and/or acquisition of manufactured goods.

2. This Arrangement shall lapse automatically with, and at the same time, as the Financial Arrangement for Trade, should the latter Arrangement be terminated on or before 30 June 1949. It is understood that upon termination of this Trade Arrangement, transactions referred to in paragraph 1 a above, but partly or wholly unfulfilled, shall be brought into account at any settlement under the Financial Arrangement.

3. This Arrangement shall be effective upon formal concurrence of the Government of Siam.

FOR THE SUPREME COMMANDER:

REPRODUCED AT THE NATIONAL ARCHIVES

DECLASSIFIED
Authority JLW 76-0052
NARA Date

CONFIDENTIAL

Enclosure No. 2 to Despatch No. 584 dated September 2, 1948 from the Office of the Political Advisor for Japan, Tokyo, on the subject, "Negotiation of Trade Arrangement between Siam and Occupied Japan".

REVISED DRAFT
Tab "B"

(COPY)

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
APO 500

091.31 (Sept 48)ESS/FTC 2 September 1948

MEMORANDUM FOR: The Chief of the Siamese Trade Mission to Japan

SUBJECT: Financial Arrangement for Trade between Siam and Occupied Japan

1. The purpose of this memorandum is to establish a financial arrangement for trade between Siam and Occupied Japan on the following terms:

a. All trade, government and private, between Siam and Occupied Japan shall be conducted on an open account basis.

b. An open account designated as "Siam-Occupied Japan Open Account" shall be maintained by the _____ Bank for and on behalf of and at the expense of General Headquarters, Supreme Commander for the Allied Powers, Economic and Scientific Section and a corresponding account may be maintained by the Central Bank of Siam on behalf of and at the expense of the Government of Siam. The foregoing banks are hereby recognized as official agents of the respective parties for the purposes of this arrangement. Except as otherwise provided, all debits and credits accruing from trade between Siam and Occupied Japan within the purview of this memorandum, shall be recorded in such open account.

c. The account shall be maintained in terms of dollars, United States of America currency, and shall list as credits therein all exports from Occupied Japan to Siam and shall list as debits therein all imports into Occupied Japan from Siam. Except as otherwise provided, interest shall not accrue on items entered in this account.

d. The debits and credits accruing in the open account specified in paragraph 1 b. above shall be offset, one against the other, for the purposes of settlement, and the account shall be settled as of 30 June and 31 December each year. The first settlement date shall be 30 June 1949.

e. A statement of account shall be furnished by the _____ Bank to the General Headquarters, Supreme Commander for the Allied Powers, Economic and Scientific Section and to the Government of Siam by delivering a copy thereof in Japan to the Representative of the Government of Siam within thirty days after each settlement date.

f. The statement of account shall be reconciled with any corresponding statement furnished by the Central Bank of Siam to the

Government.

REPRODUCED AT THE NATIONAL ARCHIVES

DECLASSIFIED
Authority NND 760050
By _____ NARA Date _____

Government of Siam. Such reconciliation shall be effected within thirty days after delivery of a copy of the statement to the Siamese Mission as stipulated in paragraph 1 e. above.

g. Within thirty days after reconciliation of the statement of account as provided in paragraph 1 f. above, payment shall be made of the net credit balance accruing under the account specified in paragraph 1 b. above. Such payment shall be made in dollars, United States of America currency.

h. All necessary import-export licenses, currency and other control authorizations necessary to effectuate the purposes of this arrangement, shall be provided promptly.

i. This arrangement may be revised or cancelled upon written request of the Government of Siam or the Supreme Commander for the Allied Powers, or his successor, upon thirty days' notice in writing and shall terminate unless the parties hereto stipulate in writing to the contrary, on the proclamation of a peace treaty between the Allied Powers, or any of them, and Japan. Any modification, cancellation or termination of this arrangement shall be without prejudice to any right or obligation accruing or incurred hereunder prior to the effective date of such modification, cancellation or termination. In the event of cancellation or termination, prior to any stipulated settlement dates, final payment shall be made within ninety days after the effective date of such cancellation or termination.

j. Representatives of the Government of Siam and the representatives of the Supreme Commander for the Allied Powers, or his successor, shall negotiate and conclude all technical details pertaining to the implementation of this arrangement.

k. This memorandum shall not be effective until authenticated on behalf of the Government of Siam.

FOR THE SUPREME COMMANDER:

Authenticated for:

THE GOVERNMENT OF SIAM

By_____