



REPUBLIC OF KOREA

KOREAN MISSION IN JAPAN

Tokyo, October 12, 1955

Excellency:

I beg to acknowledge with appreciation the receipt of copies of letters concerning tax of American traders in Korea exchanged between Acting Foreign Minister Cho and US Ambassador Lacy. A copy of the letter from Minister Lee in London was received and was quite informational.

1. During his stay in Tokyo last week, US Undersecretary of State Herbert Hoover, Jr. talked with Prime Minister Hatoyama and other Japanese officials. Mr. Hoover is reported to have insisted to the Japanese Premier that efforts should be made to rationalize Japanese industry for the purpose of increasing productivity so that it might be employed for the cultivation of Southeast Asian countries. Mr. Hoover also assured Japan of continued US aid -- both in investment of private capitals and technical assistances.

As evident from the above, the talks between the US Undersecretary of State and the Japanese Prime Minister centered on economic matters rather than political. In this connection some Japanese newspapers reported that Mr. Hoover hinted at the relaxation of the COCOM list (list of goods, export of which Japan is prohibited with Red China), however, he made it clear, before his departure from Japan, that the US did not intend to relax her policy toward the Japan-Red China trade. He also made it clear to the Japanese side that his visit this time was simply for the purpose of familiarizing himself with affairs here, and not to negotiate with the Japanese.

2. The Japanese Government is now seriously evaluating international situation in order to reach a final decision on the problem of normalization of the Russo-Japanese relations. Foreign Minister Shigemitsu during the past week met and talked with many of Japan's veteran diplomats,

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His Excellency
President Syngman Rhee



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including the former Prime Minister Yoshida in order to ascertain their views on this matter. What is occupying the mind of the Japanese Government leaders is the US reaction to the final agreement on the normalization of the Russo-Japanese relations. Another consideration the Japanese Government is required to take, is the opposition of the business circles to the early normalization of the relations with the Soviet Union.

In the meantime the Japanese Permanent Observer at the United Nations, Kase, met Russian Chief Delegate Malik (of the Russo-Japanese talks) in New York. According to the press Malik hinted to Kase that the Soviet Union will not exercise veto to Japan's application for UN membership, if some kind of agreement was concluded between the two countries as the result of the current negotiations in London.

3. As I reported briefly last week, the move toward the conservative merger is making headway here at present. Mr. Hatoyama ordered his top aids to draft a new formula which has been completed recently. It is reported that the new formula was given Hatoyama's consent and that the conservative merger will materialize, if not by the end of this year, by the end of next January. In the event such conservative merger is realized, Hatoyama will be elected the president and will remain in the seat for some time, because the present strength of the Democrats and Liberals in the Diet occupy more than two-thirds of the total strength of the Diet.

4. As the development last week in the diplomatic field, the Japan-Philippines reparations negotiations have again reached deadlock despite optimism by the Japanese side until the week before last that the negotiations will reach the final agreement soon.

The Japanese Government, under pressure from the Liberal Party without whose support the reparations issue cannot be settled, was obliged to seek some modification on the original \$800-million reparation formula which was acceptable to the Philippine side. However, it is predicted that such modification will not be acceptable to the Philippine Government. In my opinion, however, the key to the final settlement of this reparations issue will exist in the conservative merger and, therefore, the question will be settled, probably, by next spring.

5. The puppet regime in the north sent a cable to the

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Japan Red Cross, demanding that the latter include one representative of the Japan-North Korea Association here among the Japanese delegation to North Korea for Japanese repatriation.

The Japan Red Cross sent a reply, informing that the North Korean proposal to include the representative of the said Association was unfeasible. The Japanese Foreign Ministry apparently pressed the Red Cross group not to include the representative of the Association, hinting that it would not issue passport to him. I will be closely watching the development of this issue and will report to Your Excellency promptly.

With sentiments of loyalty and esteem, I remain,

Most respectfully,

Yungshik Lee