

**RUSSO-JAPANESE RELATIONS  
(21-27 July 1945)**

(Short Title: PSIS 400-23)

**PUBLICATION OF  
PACIFIC STRATEGIC INTELLIGENCE SECTION  
COMMANDER-IN-CHIEF UNITED STATES FLEET and CHIEF OF NAVAL OPERATIONS  
(OP-20-3-850)**

2 August 1945

COPY NO. 3 OF 6

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In the last preceding Summary (PSIS 400-22, 21 July, mention was made of a Japanese proposal to send Prince Kameyama to Moscow "to solicit Russia's good offices in bringing the war to an end and to strengthen the ground for negotiations with England and America". Although written request for Soviet approval of Kameyama's trip was made available to Foreign Commissar Molotov on 13 July, the latter left Moscow the following day enroute to the Potsdam Conference, without having made any reply.

On the evening of 18 July, Ambassador Sato at Moscow received a communication from Vice Foreign Commissar Loshvsky, reading in part as follows:

".....the intentions expressed in the Japanese Emperor's message are general in form and contain no specific proposals. ...the mission of Prince Kameyama, the Special Envoy, is in no way made clear....it is therefore impossible for the Soviet Government to give a definite reply..."

Sato had warned Foreign Minister Togo on these very points before the proposal was made to the Russians. In reporting the Soviet reply to Togo (19 July), he stated: "...the powers-that-be in Japan are out of touch with the atmosphere prevailing here. In any event, the rejection of the plan indicates that we cannot thus accomplish the desired objective of winning over the Russians".<sup>1</sup>

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<sup>1</sup>H-197581, 19 July and H-197582, 19 July, Moscow-Tokyo;  
Dip. Sum. #1212, 20 July.

On 21 July, Togo replied as follows:

"Special Envoy Kenoye's mission will be in obedience to the Imperial Will. He will request assistance in bringing about an end to the war through the good offices of the Soviet Government. In this regard he will set forth positive intentions, and he will also negotiate details concerning the establishment of a cooperative relationship between Japan and Russia which will form the basis of Imperial diplomacy both during and after the war.

Please make the above representations to the Russians and work to obtain their concurrence in the sending of the Special Envoy. Please understand especially my next wire".<sup>2</sup>

Togo's "next wire", sent the same day, reads as follows:

"With regard to unconditional surrender (I have been informed of your 18 July message), we are unable to consent to it under any circumstances whatever. Even if the war drags on and it becomes clear that it will take much more than bloodshed, the whole country as one man will pit itself against the enemy in accordance with the Imperial Will so long as the enemy demands unconditional surrender. It is in order to avoid such a state of affairs that we are seeking a peace, which is not so-called unconditional surrender, through the good offices of Russia. It is necessary that we exert ourselves so that this idea will be finally driven home to the Americans and the British.

"Therefore, it is not only impossible for us to request the Russians to lend their good offices in obtaining a peace without conditions, but it would also be both disadvantageous and impossible, from the standpoint of foreign and domestic considerations, to make an immediate declaration of specific terms. Consequently, we hope to deal with the British and Americans after first:

- (a) having Prince Konoye transmit to the Russians our concrete intentions as expressed by the Imperial Will, and
- (b) holding conversations with the Russians in the light of their demands in regard to East Asia.

"In view of the fact that this is a grave matter which will decide

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<sup>1</sup>In Sato's 18 July message, he strongly advocated "unconditional" surrender provided the Imperial House was preserved.

<sup>2</sup>Underscoring supplied.

<sup>2</sup>H-197837, 21 July, Tokyo-Moscow; Dip. Sum. #1214, 22 July.

the fate of the nation, please ask the Russians to give a full explanation of their reply, as contained in Lotosky's letter, so as to make sure that we grasp its real meaning.

The Government's sole responsibility in this case is limited to advising (the Emperor) that a Special Envoy should be sent. The Envoy will be sent as a special emissary representing the Imperial Will as it is directed toward mundane affairs in particular. Please make both these points clear to the Russians, if necessary. Please also bear in mind the necessity of sufficiently impressing them with the fact that Prince Konoye enjoys the confidence of the Imperial Court and holds an outstanding position in the political circles of our country.

Since it is not absolutely necessary, please avoid stating in writing what was said in my preceding message".

Tojo concluded by saying that he had read a long message of 20 July from Sato, but that the decision he was communicating had been made by the Cabinet and that Sato should proceed accordingly. 3

The message of 20 July from Sato, to which Tojo was referring, was indeed a long one -- several thousand words -- constituting an impassioned plea to the Japanese Government to surrender to the Allies with the sole reservation that Japan's 'national structure', i.e., the Imperial House, be preserved.

Sato has previously expounded on the futility of attempting to continue to wage a modern war after fighting power on a major scale has been lost. In the present despatch he cites as an example of Japanese air and naval weakness the exploits of American warships in Japanese waters since 14 July -- 'even going so far as to broadcast boldly the names of

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34-197845, 21 July, Tokyo-Moscow; Dip. Sum. 91214, 22 July.

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the commanders and publicly throwing down the gauntlet to the Japanese Navy". Continuing, Sato says:

"...since we can assume that the enemy will one day attempt a landing, it is also clear that, after our fighting strength has been destroyed, the Soviet Union will (words missing). The enemy is order to accomplish the destruction of our fighting strength will not only concentrate upon the smashing of our military installations and productive facilities, the bombardment of our shores, etc., but will also attempt to deprive our people of the very means of subsistence. They must already be fully aware of the food (situation ?) in our country and of the important relation between this autumn's harvest and the maintenance of our war strength. Consequently, we cannot overlook the possibility that they may attempt to destroy our crops when the time comes for their harvest. For example, it is not impossible that the enemy may ascertain the dry season for the rice-fields ready for harvest throughout Japan and devise a scheme for reducing these fields to ashes at one fell swoop. They will naturally regard this as one of our weak points which they can take advantage of.

"If we lose this autumn's harvest, we will be confronted with absolute famine..."

"... but our Imperial Army, of course, as well as the people as a whole will not consent to surrender to the enemy so long as there are no supreme orders to that effect. They will not lay down their arms until the last mile literally has been reached. Nevertheless, all our officers and soldiers as well as the people, who have already lost their fighting strength due to the absolutely superior bombing incendiarism of the enemy, will not save the Imperial House by dying a glorious death on the field of battle.

"...As for peace proposals, I have come to feel that it would be

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\* Rice fields in Japan are normally drained three or four weeks before harvesting. After cutting, the stalks are left in the fields for about a week to dry before being threshed. The harvest period ranges from mid-September in the northern districts to late November in the south, but the bulk of the nation's crop is harvested in October.

"best to do this in Moscow by the sending of a Special Envoy as indicated in your despatch (of 12 July), but since unfortunately this sending of a Special Envoy has met with the disapproval of the Russian authorities, we are pressed with the necessity of devising some other expedient." ....

Then, speaking, as he says, "without reserve", Sato makes the following remarkable statements:

"... Since the Manchurian incident Japan has followed a policy of expediency. When it came to the East Asia War, we finally plunged into a great world war which was beyond our strength..."

"Ever since the conclusion of the Anti-Comintern Pact (1936) our foreign policy has been a complete failure. The fundamental reason for this situation has been the division of the world into two camps — pre-Axis and Anti-Axis — as a result of our having taken sides with Nazism...."

"While it is a good thing to be loyal to the obligations of honor up to the very end of the Greater East Asia War, it is meaningless to prove one's devotion by wrecking the State.."

"Our people will have to part for a long time under the heavy yoke of the enemy...(but) after some decades we shall be able to flourish as before." ...

"Immediately after the war ends, we must carry out thoroughgoing reforms everywhere within the country. By placing our Government on a more democratic basis and by destroying the despotic bureaucracy, we must try to raise up again the real unity between the Emperor and his people." ...

"I am presenting these statements, fully aware that they are not in accord with the treasured communication from His Majesty. I confess that my offense is tremendously great. ..The reason for my taking such a stand is that I believe that the sole plan for saving our country must be in line with the humble opinions which I have expressed. So, even if I am criticised because of this for being an advocate of defeatism, I will just have to put up with that, and no matter for what responsibility I am accused, I will gladly face it....."<sup>4</sup>

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<sup>4</sup>E-197715, 20 July, Moscow-Tokyo; Dip. Sum. #1213, 21 July; Dip. Sum. #1214, 22 July.

Located in Tokyo and long since accustomed to greater shocks, Foreign Minister Togo seems to have been as little affected by the enormity of Sato's "offense" as he was by the sound counsel that went with it. In any case, as noted above, on 21 July he stated that the decision regarding the purpose of Konoye's trip had been made by the Cabinet and that Sato should proceed accordingly. Dutifully, Sato obtained another interview with Lozovsky (25 July), but as he really had nothing more concrete to transmit than on his prior visit, he was obliged to abandon himself to the use of some of the (distasteful to him) "fancy phrases" with which Togo had been cloaking Japan's intentions in the Konoye mission; however, at this he proved himself as adept as Togo. After considerable cross-questioning by Lozovsky, Sato stated:

"The mission of Prince Konoye, who is to be dispatched as special envoy to report the wishes of His Majesty, is to request the Russian Government to use its good offices to the full for the ending of the present war, and he will explain our views as concretely as possible to that Government. At the same time he will confer on fostering and strengthening relations between Russia and Japan which are a cherished part of Japanese diplomacy both during and after the war. ...

The special orders issued by the Emperor to the Government for the dispatch of the envoy are based solely upon (his desire ?) to prevent the toll of bloodshed which the continuation of hostilities will inevitably take on both sides. I would like to repeat that the special envoy will explain to the Soviet Government the specific intentions of the Japanese Government and will request the good offices of the Soviet Government in attaining the above end. It is to be hoped, therefore, that the dispatch of the envoy will be approved at once and that he will be shown full consideration and goodwill. ..."

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"needless to say, this question is an extremely delicate one, so I request that you treat this letter (confirming the above) with utmost secrecy" until we receive a reply from the Soviet Government."<sup>5</sup>

Lozovsky assured Sato that:

"...As soon as I receive the document (confirming the above), I shall report to my Government immediately. If there are any instructions from my Government, I shall inform you without delay."

Upon receiving a report of the above interview, Foreign Minister Togo commended Sato for his "tenacity in the face of the ups and downs of this matter".<sup>6</sup>

On 25 July, (before receiving Sato's above account of the interview with Lozovsky), Togo advised Sato as follows:

"Reference my wire of 21 July (quoted earlier in this Summary). The matter in question is naturally related very closely to the course of the Big-3 Conference. Since Churchill and Attlee are scheduled to return to England, it is said that the Conference will be adjourned for a short while. Consequently, I would like you to take advantage of this opportunity and proceed, if necessary, to a place of the Russians' choosing in order to obtain an interview with Molotov, and explain to him the intentions of the Japanese Government. Even in the event that it is impossible for Molotov

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<sup>5</sup>On 24 July, Sato informed Togo that "according to a BBC broadcast, the London Times today comments on a story that the government in Tokyo has come out with a statement advocating peace, which says that if Japan is offered unconditional surrender, she will fight to the bitter end, but that, since the bloodshed attendant upon this is wasteful, it is hoped that peace will be restored through a compromise." (Dip. Sum. #1218, 26 July).

<sup>5</sup>Spec. 001 and 002, 25 July, Moscow-Tokyo.

<sup>6</sup>Spec. 003, 26 July, Tokyo-Moscow.



\*to arrange a meeting, your request for an interview will at least go a long way to impress upon him our determination in this matter.

(At the time of the interview ?) please endeavor to get the Russians to form a positive attitude on this matter. Stress the fact, as indicated in my successive wires, that Japan has gone first to the Russians with its request for mediation. Make it clear that the despatch of the special envoy would permit Stalin to acquire the reputation of an advocate of world peace, and, further, that we are prepared to meet fully the Russian demands in the Far East (See the end of Part 1 of my wire of 21 July).\*\* Finally, inform them that, in the event the Soviet Government remains indifferent to our request, we will have no choice but to consider other sources of action.

Furthermore, as you are aware, in Britain and the United States, especially in the latter, various discussions are taking place at present regarding the meaning of the demand on Japan for unconditional surrender. In studying the speech of the American 'spokesman', it appears that he said that in principle they are formally insisting to the end upon unconditional surrender but that if Japan accepts it quickly they are prepared to mitigate the conditions. For example, on the 19th, Navy Captain Zacharias (he is on the staff of the Office of War Information, but he broadcast to Japan as a 'spokesman' of the United States Government) said that Japan has two alternatives:

"The first is to submit to a 'dictated peace' after being destroyed; the other is to make unconditional surrender and receive the attendant benefits stipulated in the Atlantic Charter. We believe that these are not merely to be viewed as simple-minded strategic propaganda but are calculated to lead us on.

In particular the fact that the Americans alluded to the Atlantic Charter is decidedly worthy of attention at this time. For our part, it is impossible for us to accept unconditional surrender no

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\*Underscoring supplied.

\*\* Referring to Japan's determination against unconditional surrender, Fogo said "It is necessary that we exert ourselves so that this idea be finally driven home to the Americans and English".

"matter by what (route ?), but it is our idea to convey to them by appropriate (word missing) that there is no objection to the restoration of peace on the basis of the Atlantic Charter."

"In all likelihood the difficult point is the attitude of the enemy which premises the form of an unconditional surrender. If American and England stick to this, there will be no help for it but for the whole thing to break down over this one point. On the other hand, although the governments of Russia, England and America may be cool toward this, feeling that our sending of an envoy may be a peace stratagem on our part, as I have wired repeatedly in this connection, this is not a (mere ?) 'peace feeler'."<sup>7</sup>

(Note: The above represents the first two parts of Togo's message. The third and final part is not yet available.)

Japanese Minister Kase at Berne continues to bombard Tokyo with all kinds of material designed to persuade the Government to make an immediate peace. On 21 July he forwarded a long message from Consul General Koda in Zurich urging that "with tremendous courage we harden our determination to end the war at once and come forth with a peace proposal". On 22 July, Kase submitted a gloomy analysis of the situation, based on recent statements of American statesmen and military leaders — although both England and America would like to end the war quickly in order to prevent Russian participation, they were determined to fight on to a conclusion if necessary.<sup>8</sup>

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<sup>6</sup>Underscoring supplied.

<sup>7</sup>H-198547, 25 July, Tokyo-Moscow.

<sup>8</sup>H-198414, 21 July, Berne-Tokyo; H-198672, 22 July, Berne-Tokyo; Dip. Sum. #1219, 27 July.

The latest Japanese diplomat to counsel negotiating for peace on the most favorable terms possible is Suemasa Okamoto, Minister at Stockholm. Using substantially the same arguments as those of Iase at Berne and Sato at Moscow, Okamoto in a 21 July despatch concludes with a suggestion that:

"In view of the fact that the Japanese people have been thoroughly indoctrinated with the idea that any thought of peace is to be immediately rejected as defeatism, public opinion in Japan may prove a grave obstacle to any attempt to reach an amicable settlement. Accordingly, it may be necessary to consider petitioning the Emperor to take steps to decide the matter by issuing an Imperial order."<sup>9</sup>

Unlike most other Japanese officials in Europe, Naval Attaché Mishima in Stockholm, continues to offer some encouragement to Tokyo. In a despatch of 21 July, his views (differing from those of the Minister, sent on the same date -- see above) include the following:

"Japan is devoting her every effort to the prosecution of the war with firm resolve and steadfast belief in victory while the American mind, relaxed with success, develops an ever greater war-weariness. Furthermore, it is considered definitely possible that the British authorities will exert themselves constantly to persuade the U. S. to compromise with Japan. ....

... I believe that our indomitable fighting spirit itself will lead us to a favorable conclusion in this war and to that end it would appear vitally necessary, along with putting our internal affairs in order, to take positive measures to throw the enemy camp into confusion."<sup>10</sup>

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<sup>9</sup>H-197706, 16 July, H-197981, 18 July; H-197606, 19 July; H-197983, 19 July, H-197968, 21 July -- all Stockholm-Tokyo.

<sup>10</sup>Dip. Sum. #1218, 26 July.

In a long message of 21 July, Minister Kase at Berne sent to Tokyo an account of peace conversations held in Basle on 10, 13 and 16 July between Kajiro Kitamura (representative of the Yokohama Specie Bank and a Director of the Bank of International Settlements), a member of Kitamura's staff, and one Dr. Per Jacobsson\* (a Swede, who at least until recently has been an official of the Bank of International Settlements). The message indicates that:

- (a) Jacobsson has been anxious to promote peace negotiations between Japan and the United States. On 10 July he told the two Japanese bankers that the matter had been discussed (presumably by him) with one Ehea, whom he described as a protege of Allen Dulles (former OSS representative in Berne). On 13 July, Jacobsson stated that he had talked to Dulles himself. On both occasions the Japanese emphasized the importance of ascertaining the United States' intentions toward the Japanese Imperial House. In this connection a "statement" by Under Secretary Grew was discussed, and Jacobsson apparently argued that the statement implied the Imperial House would not be destroyed and that Mr. Grew was a friend of Japan.
- (b) On 16 July, Jacobsson mentioned two conferences which he had with Mr. Dulles at Wiesbaden on 14 and 15 July; the latter stating that:
  - (1) "The only way for Japan to save anything is for her to accept at once 'unconditional surrender' as defined in Grew's statement of 10 July;
  - (2) The Berlin Conference provided a good opportunity for arranging surrender talks; and
  - (3) Once Russia joins England and the United States (against Japan), it will by no means be so simple to end the war."

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\* A biography of Jacobsson forwarded by Kase indicates that the former is married to a sister of Sir Archibald Nye, British Lt. General and Vice Chief of the British General Staff.

Kase said that he had discussed the matter with Lt. General Okamoto (Military Attaché in Bern) and found the latter in agreement with himself regarding the desirability of the peace discussions.<sup>11</sup>

(Note: There is no evidence that either Minister Kase or Kitamura is aware of the earlier peace talks attempted between Dallas and Captain Nishihara, Japanese Naval Counselor in Bern.)

If, as mentioned in the preceding Summary (PSIS 400-22), Consul General Hirose at Vladivostok was beginning to feel optimistic regarding Russia's intentions, when he despatched his monthly report on 5 July, later traffic indicates that his optimism was short-lived. On 10 July, local police seized a cache of 109 "abandoned pistols" which had been uncovered by workmen near the quarters of employees of the Consulate General. Although "the police declared that the pistols had been left abandoned underground for 20 or 30 years, judging from their rusty condition", Hirose was concerned with the action of the police in entering the consular premises without permission, and could not rid himself "of anxiety over where this thing will really lead". Pistol ammunition which was later discovered by Hirose in the office of a member of his staff, was to be "consigned secretly by courier and disposed of in Harbin". Hirose then proceeded to burn certain despatch files including all those "dealing with

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<sup>11</sup>H-198082, 19 July; H-198381, 20 July; H-198382, 20 July; H-198083, 21 July — all Bern-Tokyo; JE-5:2247-G, 5 June and JE-5:2876-G, 7 June, both from Naval Attaché in Switzerland to Tokyo, Chief of Office of Naval Comm.; Dip. Sum. #1215, #1216 and #1217, 23, 24 and 25 July.

"weather reports".

Two days after the Soviet police had called on Hirose, he informed Togo that:

"....It is worthy of note that recently there has been a brisk movement of troops west of Chita. If by any chance Russia decides that our situation is shaky she will follow the precedent of (the North China Incident ?) and send an expeditionary force without delay. I suspect that in order to prepare for this she is holding discussions with Outer Mongolia while at the same time threatening Chungking and effecting a "diversion of attention". (He was referring here to Seong and Chelbalsan's visit to Moscow.)<sup>12</sup>

From Harbin on 13 July, General General Miyakawa (who often views with alarm) informed Tokyo that one of his agents obtained the following information from "a staff member of the local Russian Consulate General who said it had been told to him recently by a Russian courier":

"The Soviet Government intends to occupy South Sakhalin (Karafuto) and has assembled an army of occupation in North Sakhalin; administrative personnel are being trained in Vladivostok.

"The American Government has agreed to undertake landing operations against South Sakhalin on condition that its fleet should at least be permitted to use the harbors of the (Russian) Maritime Province for supply, repairs and shelter. At the time of the American landing, the Russian forces will occupy South Sakhalin on the pretext of preserving order."<sup>13</sup>

One of numerous minor irritants in Russo-Japanese relations is the matter of visas. A mutual reluctance to issue visas has been the subject

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<sup>12</sup>H-196937, 11 July, Vladivostok-Tokyo.  
H-197058, 14 July, Vladivostok-Tokyo.  
H-196717, 12 July, Vladivostok-Tokyo.

<sup>13</sup>H-197844, 13 July, Harbin-Tokyo.

of endless negotiations; with the result that a particular visa sometimes acquires considerable bargaining value in settling other matters. On the Japanese side, there is a marked tendency whenever a person to whom they attach importance is involved, to "try to have his visa separated from negotiations for other visas and have it issued immediately"; as in the current case of Rear Admiral Ichiro Yokoyama, whom the Japanese wish to send to Moscow as Naval Attache', and for whom a visa application (still pending) was made on 19 June.

This latest Japanese request for special consideration of a visa application is made at a time when there is still at issue a matter of Japanese refusal of a diplomatic visa for a Mr. Mezhdanov whom the Russians want to send to Dairen as a "Commercial Affairs Secretary" to "carry on trade negotiations".

Japan's refusal to issue the visa for Mezhdanov leaves her in an awkward position, not only because Yokoyama's visa is still held up, but because Russia in offering to send a "trade envoy" is merely complying (ostensibly at least) with repeated Japanese requests. For a long time, and in various ways — by direct approach, through a dummy company and through the Manchukuoan Government — Japan has been trying to establish trade relations (partially for the economic good that might ensue, as in the case of Manchukuoan surplus soybeans which were in danger of rotting, but principally for the purpose of causing friction between Russia and the Anglo-Americans). On one occasion (24 May), when Soviet Consul General Pavlichiev at Hsinking requested an increase in his gasoline ration, Vice Minister Shimozura replied that "an increase would be possible if a deal

could be made to exchange soybeans for gasoline<sup>13</sup>, and suggested that Russia consider this proposal. Russia, apparently aware of the real purpose of these efforts to establish trade, has consistently refused. Now, when she chooses to comply (in form at least), a visa for her designated representative is refused. An explanation of Japan's inconsistent action is seen in despatches from Consul General Miyakawa at Harbin and Foreign Minister Togo, the former observing (on 13 July) that, "they apparently want to establish trade missions, first of all in Dairen or Manchukuo, which will have the privileges of diplomatic establishments. What is really in the back of their minds is to make these trade missions into centers of intrigue in Manchukuo". On 16 July Togo stated that, "not only is it clear from the standpoint of the Dairen consulate's being used for wireless and espionage<sup>14</sup> that it is undesirable to permit residence in Dairen of a person having special diplomatic rights, but it makes negotiations complicated and difficult when the Russians make use of the visa negotiations to work for residence in Dairen of a person having special diplomatic rights whom in reality they do not need".<sup>14</sup>

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<sup>13</sup>Last December, Vice Consul Petrov was reported to be involved with Chinese Communists operating a clandestine radio.

<sup>14</sup>H-197853, 13 July, Harbin-Tokyo; H-197152, 16 July, Tokyo-Moscow; H-157756, 18 December, Hsinking-Moscow; SJM-9225, 1 May, Tokyo-Vladivostok; H-186942, 30 April, Moscow-Tokyo; H-188176, 30 May, Moscow-Tokyo; H-187939, 27 May, Hsinking-Tokyo; H-193549, 20 June, Tokyo-Moscow.



An example of the employment of national pride to overcome Japanese Army stubbornness, is seen in the settlement last month of a long-standing dispute between Japan and Russia regarding refusal of the former to repatriate three Soviet citizens (two seamen and one commercial representative), who had been at Hongkong since the start of the Pacific War.

Previously deaf to Foreign Office warnings of the danger of thus irritating Russia, Army authorities at Hongkong yielded only after Ambassador Sato at Moscow had appealed on the basis of national pride, as "Japan's conduct compared very unfavorably" with that of Russia who had quickly afforded facilities for repatriation of some 270 Japanese nationals from occupied areas in Europe after Germany's collapse.\* 15

Still outstanding, however, is the previously reported dispute regarding detention of the three Russian ships which have been at Hongkong since the beginning of the Pacific War.

In the early days of the war, the Japanese military, flushed by victories and unhampered by diplomatic considerations (Russia was then reeling under German blows), appear to have removed the engines and gear from these three ships which were tied up for repairs. In December 1944, following a Dovesi broadcast that American bombing had damaged the ships,

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\* Actually, Sato thought that Russia's motive in promptly repatriating the Japanese, was to prevent their engaging in intelligence activities.

<sup>15</sup> H-192788, 21 June, Moscow-Tokyo.  
H-185190, 12 May, Moscow-Tokyo.  
Dip. Sum. #1139, 8 May.

Russia charged Japan with responsibility for the damage; this the latter refused to accept. In any case, Japan was now unable to comply with increasingly insistent Russian demands for release of the ships, as the engines were missing and repairs and refitting were impracticable as a result of bomb damage to the docks.

In March last (fearing that Russia might soon abrogate the Neutrality Pact), the Japanese finally made a definite proposal which involved exchange of one of the ships for a Japanese vessel which (eight years ago!) had run aground on the coast of North Sakhalin, and purchase of the two remaining vessels for 500,000 yen<sup>o</sup> (in gold bullion, foreign currency or commodities). The Soviet Vice Foreign Commissar characterized this proposal as "clearly unreasonable and unjustifiable" since it was "out of the question for Russia to sell ships when they are so badly needed". He advanced no counter-proposal, but soundly berated the Japanese Government for its failure to settle the matter "during the forty months which have already passed since the outbreak of the war".<sup>16</sup>

As relations with Russia continued to deteriorate and ex-Premier Hirota began his treaty talks with Soviet Ambassador Malik at Tokyo, Foreign Minister Togo on 16 June advised Ambassador Sato that it would be

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<sup>o</sup> A Japanese appraisal gave a scrap value of 1,000,000 yen for the two vessels in question. (R-173306, 20 March, Tokyo-Moscow).

<sup>16</sup> PSIS 400-8, 23 April; Dip. Sum. #1182, 20 June.

"poor policy" to permit the matter to drag on. Sato was instructed to again urge the Russians to sell the ships, starting with an offer of 500,000 yen but going as high as 2 or 3 million if necessary. If the Russians should again reject the idea of a sale, Sato was granted "full authority" to settle by offering two Japanese ships in exchange, although "these concerned would like if possible to get by with the offer of only one ship". The previous offer to swap the Japanese wreck on North Sakhalin for the third ship, was still to stand.

According to Togo, the Foreign Ministry had some difficulty in persuading the Army and Navy to offer to give up the Japanese ships (one each) with "no string attached". The Navy had wanted to give a tanker on condition that it be used to carry oil from North Sakhalin to Japan, and the Army had wanted its ship to be used to start trade with Russia by carrying rubber, etc., from the South.

On 20 June, Sato again saw Loxovsky, and again was unsuccessful. He tried, with rather poor results, to make Loxovsky see Japan endeavoring through sheer friendliness to clear up an affair in which she was the innocent victim -- the Soviet ships were already in need of repairs when the war started, and it was American bombing that had rendered them completely useless; as for the Japanese wreck on North Sakhalin, it would not be in its present condition but for Soviet failure to carry out a "properly signed" contract for towing. Sato then offered to pay for the ships in money or "certain commodities which the Soviet Union may find as valuable, or more valuable, than ships, now that, having completed her war, she may no longer need ships so badly as she did in wartime".

Lozovsky stated that "since the Russian ships were illegally impounded by the Japanese military authorities, the Soviet Union has the right to demand that they be returned", and that this probably could have been done "if there had been a little good will on the Japanese side"; the Japanese proposal therefore was "unreasonable and entirely unsatisfactory". He agreed, however, as Sato's request, to report the proposal to his Government.

Intending to continue negotiations, Sato had not made the authorized alternative offer of transferring Japanese ships, but five days later, noting that "the war situation has suddenly become stringent" and that Japan was losing ships at an alarming rate, he decided that he had better make the offer "while we still have ships left". Accordingly, on 10 July, he made a tentative proposal to Lozovsky to clear up the problem by the transfer to Russia of two Japanese ships; however, as "to give up even two ships would be very painful", it would be better all around if Russia would accept one ship plus "some useful commodities" in lieu of the second ship. The interview closed with Lozovsky stating that he would wait for a concrete proposal and have it studied by the Commissariat of Foreign Trade. Sato, thereupon (on 11 July), urged Foreign Minister Togo to forward specifications of the ship or ships and commodities to be offered.<sup>17</sup>

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<sup>17</sup> H-191613, 16 June, Tokyo-Moscow; H-192786, 21 June, Moscow-Tokyo; H-193216, 25 June, Moscow-Tokyo; H-196443, 11 July, Moscow-Tokyo; H-196444, 11 July, Moscow-Tokyo.

On 21 July, Togo informed Sato that the Army and Navy had decided to propose a tanker (10,000 gross - built two or three years ago) as a substitute ship. Although the name and specifications of the vessel were not yet available, Sato was instructed to make "a tentative proposal to the Russians in order to speed the negotiations". No further mention was made of the "certain commodities" as host in lieu of a second ship. Possibly it was felt that the size of this ship (Sato had suggested 6 or 7,000 tons) would tempt the Russians to close the deal.<sup>18</sup>

Further progress in the settlement of long-standing disputes with Russia (clearing the path for Kenoye's mission to Moscow), is disclosed by recent traffic regarding the buildings in North China and Manchukuo which were owned by the Czarist Government. With the recent transfer of certain of the buildings in Dairen and Hsinking, the Japanese appear to be gradually complying with the Soviet demands.<sup>19</sup>

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<sup>18</sup> E-198115, 21 July, Tokyo-Moscow.  
E-198409, 24 July, Tokyo-Moscow.

<sup>19</sup> F-197549, 9 June, Hsinking-Moscow.

Summarizing the foregoing, it may be said that, pending further developments at the Potsdam Conference, the hiatus in fundamental relations between Russia and Japan continues -- with Japan anxiously awaiting a reply to the request for Russian approval of the proposed Kenoye mission, and, before the sands run out, making efforts to clear up disputes which have been long-standing.

With regard to terminating the war, Japan, though still balking at the term "unconditional surrender", has reached the point where she has "no objection to the restoration of peace on the basis of the Atlantic Charter". To the end that she may receive these or better terms she is still determined to exploit fully the possible advantages of making "peace" first with Russia.

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