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BRITISH EMBASSY, TOKYO.

No. : 58 / 1932

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Name of File :—

CHINA. GENERAL.

SITUATION

(No minutes to be written here.)

LAST Year's File No. :—

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H.E. cc

NA

MA

JC WBS 25/10

I had a long talk with Mr. Dickover, of the American Embassy, who came round to see me this morning. The American Ambassador had intended to see you but as you were away, and as he himself is going to Nikko to-day, that was not possible.

The U.S. Embassy are, I gather, rather worried about the situation. Dickover suggested to me that the Japanese may be behind this return of the Anhui and Fukien cliques to Peking. His idea is that Japan may have at the back of her mind the formation of a Manchukuo/North China administration, ~~or~~ perhaps a monarchy under Pu Yi! Japan has done nothing in Manchuria towards freeing the country from volunteers and bandits for the past 6 months and such an amalgamation of Manchukuo and ~~N. China~~ Peking might assist in restoring order to Manchuria as the new administration would not be quite so Japanese.

I said that we had no news at all from Peking about the situation. As regards the idea of amalgamation of Manchuria and N. China, there might be some idea of this but I did not think so. The reason why, in my opinion, the Japanese had not moved recently against the bandits in Manchuria was:-

- (a) for technical ^{military} reasons, i.e. Kaoliang;
- (b) they were waiting for Geneva before infiltrating large bodies of troops into their country from Japan. This will be definitely necessary before any headway is made *against the bandits.*

As regards Russia, Mr. Dickover told me that they had heard that Matsuoka had got definite instructions to negotiate a non-aggression pact on his way to ^{through} Moscow. I asked the source of this information and Mr. Dickover said that it was only from their head interpreter who refused to divulge the source.

Mr. Dickover seemed so anxious about the situation that, knowing how closely you co-operate with the U.S. Embassy, I promised to let him know if we received any interesting news from Peking. *Personally I believe that it is Byas who has raised the "hare" - I believe Y.E. saw him yesterday.* 25th Oct., 1932. *ag*
oct 25

TRANSLATION

No.

The "Yomiuri" of October 25th publishes an interesting paragraph regarding alleged negotiations between the two Governments with the object of ultimately concluding a pact of non-aggression.

"... As a result of the consultations which have taken place between Mr. Hirota, Viscount Uchida, Premier Saito and General Araki, it has been decided that there would be no particular objection to concluding a pact of non-aggression, provided that first of all an agreement were signed by the two governments relating to all questions which are likely to occasion friction between them. Mr. Hirota is at the present time holding conversations with Mr. Troyanovsky with a view to the holding of a preliminary conference in Tokyo, but as the Russian Ambassador has applied for home leave, it is possible that Mr. Karahan himself will come to Tokyo to attend such a conference."

"...The Ministry for Foreign Affairs are busy with preparations for an agreement with the Soviet Government...and the matters which are receiving attention include :

- (1) An agreement for mining and purchase of oil in N. Saghalin and Habarovsk.

The amount of oil secured by Japan in N. Saghalin at the present time is equal to that obtained in the whole of Japan, but if Japan were able to mine or purchase the oil available in N. Saghalin and Habarovsk her supply would meet this country's entire requirements.

- (2) Purchase of the Chinese Eastern Railway.

At present Russia possesses only rights of control over the railway, and in view of the fact that she is engrossed with her 5 year plan she would be willing to sell those rights for a suitable sum. As the railway is the trunk line of Manchuria, which is Japan's life-line, this country would be willing to buy, if the price were suitable.

(3) Russia-Manchuria boundary.

The indefinite character of the present boundary line contains elements of future trouble and an agreement on the subject is essential.

(4) Fishing in Northern waters.

There is no fishing dispute between the two Governments at the moment, but possibility of future trouble has not been eradicated. The Russian Govt. appreciates the disadvantage of State fishing, and it would be to the benefit of both countries if all the fishing grounds were entrusted to the operation of the Japanese.

(5) Timber and mining rights in Siberia.

Forest and mineral wealth are lying unproductive in Russia, and both countries are desirous that lumber felling and mining operations should be carried on with Japanese capital.

In return for the purchase of Russian products by Japan, as indicated in the above, Russia would buy from Japan machinery and raw materials needed in the execution of her five-year plan.

W.J.D.