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FJTA-16378

25 MAR 1957

Chief, ( )

Chief of ( ) Station, ( )

INFO: Chief, FE

PBRAND/Intelligence

Enclosed Miscellaneous Notes of Current Intelligence Interest

ACTION REQUIRED: None, for information and file

The enclosure covers miscellaneous notes of current intelligence for the use of KUMONK analysts. Particular attention is directed to the second item in the enclosure regarding Japanese oil companies' interest in promoting deals for oil development.

Enclosure:  
As stated

22 March 1957

Distribution:

4 - Chief, [ ] - w/2 cys encl 1/5  
2 - Chief, FE - w/1 cy encl

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EXEMPTIONS Section 3(b)  
(2)(A) Privacy   
(2)(B) Methods/ Sources   
(2)(G) Foreign Relations

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## MISCELLANEOUS NOTES OF CURRENT INTELLIGENCE INTEREST

KAYA Still Active on Political Scene (UNCLASSIFIED)

According to "political observers," a movement is growing in conservative circles to support ex-Finance Minister KAYA Okinori's candidacy in the next Diet elections. KAYA maneuvered behind the scenes for KISHI's election to the Liberal-Democratic Party Presidency last December and is said to have been the man responsible for persuading KISHI to enter the ISHIBASHI Cabinet over KONO's objections. KISHI, thus, is said to feel a deep obligation toward KAYA and is becoming interested in facilitating KAYA's reentry on the political scene. (Source: Jiji Tokubetsu Tsushin, 8 March 1957)

[ ] Comment (CONFIDENTIAL): See item in Enclosure to FJTA-15925, 1 March 1957, regarding the reported decision of KAYA not to run for the Diet from Hiroshima (Frank MATSUMOTO's district). Another recent report mentions that consideration is now being given to run KAYA from another election district.]

Japan-Iran Joint Development of Oil Fields Under Consideration (UNCLASSIFIED)

Following are extracts from a Yomiuri article of 14 March 1957:

"The Japanese Government has recently been asked by the National Iranian Oil Company, an Iranian Government-operated company, through Ambassador YAKADA to Teheran, to undertake joint development of oil fields in that country. While making an inquiry about details of the plan, the Government has instructed Hanemon KOHIDA, adviser to the Oil Development Corporation, now staying in Europe, to visit Iran on his way home and investigate the matter. The Government is planning to obtain the Cabinet approval of the plan after scrutinizing it at a liaison organ to be composed of representatives of the ITI Ministry, the Finance Ministry, the Foreign Office and the Economic Planning Agency.

"The proposal is a good one to our country which imports 90 percent of oil consumed and has no stabilized source of oil supply abroad. In view of the oil situations in both countries (Iran and Japan) and available funds, however, it is predicted that implementation of the plan will naturally encounter the following difficulties. The Government intends to carry out the plan as far as possible in spite of those difficulties.

"1. Handling of income and other taxes of the proposed joint development company is advantageous to the Iranian side.

"2. An international consortium, consisting of American, British and French capitalists, is developing oil in that country.

"3. The proposed joint company will confront the international oil cartel.

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25 MAR 1957

"4. Since Japan's oil interests are mostly held by American and British capitalists, it is doubtful whether the Government can resolutely decide to undertake the joint development."

[ ] COMMENT (CONFIDENTIAL): On 15 February 1957, [ ] learned from UEDA Torazo, Economist with the Japan Export-Import Bank, that Daikyo and Maruzen Oil Companies were interested about three years ago in concluding deals with Middle East nations for oil to be paid for by exports of Japanese ships, primarily tankers. ISHIZAKI (fmu), Managing Director of Daikyo, approached the Iranian Government with a proposal to buy an undisclosed portion of the National Iranian Oil Company's "free" oil. The Iranians, anxious to acquire a tanker fleet of their own, agreed but the Japanese Foreign Office refused to O.K. the deal because of alleged pressure by American and British oil interests. Daikyo and Maruzen, which are the only domestically controlled oil refiners, are still interested. However, the shipbuilding companies which had originally promoted the deal to relieve the depression-ridden industry are no longer interested. Nevertheless, UEDA believes that Daikyo and Maruzen could obtain the necessary tankers if the Japanese and Iranian Governments are receptive to their proposal.

UEDA knows of no moves on the part of Japanese businessmen to negotiate oil leases or crude oil purchases in Saudi Arabia. According to him, the Japanese feel the US has sewed up the oil business there, leaving no room for Japanese competition. The Japanese are more interested in Iran, Iraq and, possibly, Kuwait. There the Japanese are more interested in purchasing crude oil than in obtaining lease rights. The fact that Iran and Iraq are allowed to market a certain proportion of their oil through their own channels under agreement with British and American firms is responsible for their greater interest in these areas.

According to [ ] recollection, in the case of Iran, NIOC has the right to sell 12½ percent of its oil through other channels, but has so far preferred to use the consortium as its sole distribution outlet.]