

**DIPLOMATIC BLUEBOOK
FOR 1973**

**Review of Recent Developments
in Japan's Foreign Relations**

Ministry of Foreign Affairs, Japan

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Diplomatic Bluebook for 1973

The following is a translation of Part I, General Remarks, of the 1973 Diplomatic Bluebook, published by the Ministry of Foreign Affairs. This edition covers the 1973 calendar year.

General Remarks

The world in 1973 witnessed progress, as it did in 1972, in the moves toward detente between the United States and the Soviet Union and also between Eastern and Western Europe. Cease-fire agreements were concluded for Vietnam and Laos, and progress was seen in working-level relations between the United States and the People's Republic of China. On the other hand, the outbreak of the fourth Middle East war and the subsequent oil crisis brought into sharp relief the complex power relationship in the world which has become multipolarized and diversified in the 30 years since World War II, raising many new problems and tasks for international politics and the world economy. The two superpowers, namely, the United States and the Soviet Union, avoided a direct confrontation over the latest Middle East war, adjusted their interests, and helped conclude the cease-fire agreement. In the course of peacemaking, however, there were instances in which a clash of basic interests was observed.

The moves toward detente by the major powers were accompanied by a show of greater independence by other nations which moved more vigorously to seek the right to speak, while factors leading to disputes between nations and in various regions became more apparent in some aspects instead of disappearing. Moreover, despite the fact that the countries of the

world, whether advanced or developing, are bound together by a relationship of broad interdependence and interaction because of the intermixing of international politics and economic affairs, it was obvious that the system for adjusting interests and relations of mutual trust between nations was still fragile.

In this international environment, Japan, with the expansion of the scale of its business activities and the sharp increase of its presence abroad, due to the rapid growth of its economy in recent years, swiftly and on a broad multilateral level expanded its relations of mutual dependence with other countries and various areas of the world. As a result, Japan's international influence and stature has increased and its activities both at home and abroad have come to exercise a considerable effect on the politics, economies and public welfare of various countries of the world. Similarly, world events have come to affect the politics, economy and national life of Japan to a very great extent. This country, therefore, is faced by the need to carry out its diplomacy extensively and multilaterally in many fields over the whole range of international relations, such as in the political, economic and cultural fields, including regions with which it had relatively limited relations in the past.

The international environment today poses no easy challenge for Japan to tackle. The latest Middle East war, the oil strategy of the oil-producing Arab countries and the anti-Japanese sentiment demonstrated by some elements in some of the Southeast Asian countries on the occasion of Prime Minister Tanaka's visit to Southeast Asia early in 1974 clearly showed the difficulty and complexity of this country's position. Correctly assessing the international environment in which it is placed and keeping in mind its own fundamental position and capabilities in a long-term perspective, Japan must strengthen greatly the basis for its diplomatic activities to cope flexibly with the fluid situation, and also accumulate positive efforts in pursuing and expanding a lasting unity of common interests with the rest of the world.

Chapter 1. International Environment Surrounding Japan

1. Outline

(1) In Asia, throughout 1973, there were moves that gave rise to expectations for the stabilization of this region, such as the conclusion of cease-fire agreements for Vietnam and Laos, progress in working-level relations between the United States and the People's Republic of China, and moves for a normalization of relations among the countries on the Indian subcontinent. However, the peace in Indochina did not take firm root.

In Sino-Soviet relations, the tension between the two countries continued throughout 1973, although there was some progress in their working relations. The situation in the Korean Peninsula did not move toward stabilization despite the dialogue between the North and South which was continued off and on, and the situation there became tense again late in 1973 through early 1974.

(2) For the world economy, 1973 was a year of great trial. The world economy sank deeper into confusion due to both the shift of major currencies to the floating exchange rate system early in the year and the acceleration of the global inflationary trend.

Especially, the oil production cutback by Arab countries in connection with the Middle East war in the autumn of 1973 seriously affected the world economy. The sudden rise in crude oil prices caused by this measure accelerated the trend toward global inflation throughout 1973, which was reflected in increased prices of food and other primary industry products, and also caused a serious drain on foreign exchange reserves of the oil-importing countries.

These moves in the world economy were also reflected in the Japanese economy, and they accelerated the tempo of price increases in Japan, seriously affected its national life and caused renewed recognition of the fact that the economic structure of

the country depends heavily upon other countries for natural resources and energy.

The developing countries, which had played, so to speak, a subordinate role in world politics and economic affairs before, became stronger in their demand for a reform of the world order with the oil crisis as the turning-point. This trend was revealed in discussions at meetings mainly attended by the developing countries, such as the Conference of Non-Aligned Countries and the Conference of Islamic Countries. The holding of the special U.N. General Assembly on natural resources proposed by Algeria was a conspicuous example.

2. Dialogue and Confrontation between the United States and the Soviet Union

(1) The United States and the Soviet Union, the two superpowers that greatly influence international politics, continued efforts to promote the easing of tensions in 1973 in their bilateral relations, while their basic rivalry remained.

The two countries reached agreement on such noteworthy matters as the Agreement on the Prevention of Nuclear War and the basic guideline concerning the second round of the Talks on Strategic Arms Limitations (SALT-II) on the occasion of General Secretary Leonid Brezhnev's visit to the United States in June 1973. They also continued talks in many other fields, including the Conference on Security and Cooperation in Europe (CSCE) and the Mutual and Balanced Force Reduction Negotiations (MBFR). Meanwhile, Secretary of State Henry Kissinger visited the Soviet Union twice (in May and October).

The two countries continued efforts to improve their bilateral working relations, and agreement was reached to increase trade between them on the occasion of General Secretary Brezhnev's visit to the United States.

(2) Behind their efforts to avoid a direct confrontation and to promote dialogue, however, the basic fact that there is a conflict of interests and a "power" rivalry based on nuclear deterrence remained unchanged.

The Soviet Union reiterated that there would never be ideological co-existence with the West, although it would promote peaceful co-existence with the Western countries. While promoting its dialogue with the Soviet Union, the United States also has regarded the Soviet Union as an adversary and firmly maintained its basic attitude of making a distinction between its allies and the Soviet Union.

While promoting their dialogue on the one hand, both the United States and the Soviet Union did not, on the other, change their attitude toward building up their military power, including nuclear weapons as well as their navies and air forces. In 1973, both countries conducted several underground nuclear tests (the United States held 10 tests in Nevada, while the Soviet Union conducted 15 tests in Siberia, Kazakh and elsewhere). With respect to missiles, the Soviet Union attempted to catch up with the United States in terms of quality while maintaining its quantitative superiority, as was reflected in its tests of large-sized missiles in and after the summer of 1973 and also in its efforts to develop them into MIRVs. As if in response to this, the United States showed the posture of improving the efficiency of its strategic missile system, as was indicated by Secretary of Defense James. R. Schlesinger's statement (in January 1974). In the field of conventional weapons, the two countries also continued efforts for development and improvement.

(3) Moves of the United States and the Soviet Union to improve their bilateral relations through a dialogue did not necessarily help ease local tensions in various parts of the world. The two countries could not prevent the outbreak of the fourth Middle East war. In the process of bringing about a cease-fire, they jointly proposed a cease-fire plan and acted as co-chairmen for the peace negotiations, making efforts for a cease-fire while avoiding a direct confrontation. On the other hand, the United States on October 15 alerted all its forces abroad in response to the movement of Soviet troops. This fact revealed the dual nature of the relations between the Soviet Union and the United States that exists behind the so-called relaxation of tensions.

3. Polarized Socialist Countries

(1) In contrast to progress in the U.S.-Soviet dialogue, the state of tension between China and the Soviet Union was carried over from 1972. The two countries exchanged charges repeatedly by seizing every opportunity in 1973. Especially conspicuous were the Chinese representative's criticism of the Asian collective security plan at the 29th session of ECAFE (in April), China's criticism of Soviet naval ships sailing through the Taiwan Strait (in May), the exchange of charges on the occasion of Brezhnev's visit to the United States and the tenth Chinese Communist Party Congress (in June and August, respectively) and General Secretary Brezhnev's criticism of China in Tashkent (in September). Troubles between the two countries occurred one after another, including the mutual deportation of diplomats for allegedly having engaged in espionage activities.

On the other hand, the two countries maintained normal diplomatic relations. It should not be overlooked that there were such moves as the return of both the Soviet ambassador and the representative to the Sino-Soviet border talks to their posts in Peking (in May), the conclusion of an agreement on Chinese civil air service to Moscow (in July) and the signing of the Sino-Soviet trade agreement for 1973 (in August).

(2) Reflecting the Sino-Soviet confrontation, there was a continued division of socialist countries into two groups—one which clearly took the side of the Soviet Union and the other which did not side with moves to strengthen the unity of socialist countries by excluding China.

Moves by countries supporting the Soviet Union to strengthen their unity were active throughout 1973. General Secretary Brezhnev visited Poland and the German Democratic Republic (in May) and Cuba (late in January 1974 through early February), and there were such meetings as the 27th COMECON general assembly (in June), the Crimea summit talks among the Soviet Union and eight East European countries (in July), a series of talks between Premier Aleksey Kosygin of the Soviet Union and the prime ministers of East European countries (in

August) and the conference of central committee secretaries of the communist parties of the Soviet Union and East European countries (in December).

Moreover, there were moves to promote the international communist movement under Soviet leadership, and the proposal made by First Secretary Kadar Janos of the Hungarian Communist Party for the holding of a conference of world communist parties attracted attention.

In contrast to these moves, North Vietnam, North Korea and Romania maintained good relations with China as well, and China also paid attention to its relations with these countries.

(3) A look at the economies of the socialist countries in 1973 as a whole shows that agricultural production in both the Soviet Union and China was steady, and that both countries actively imported plants and technology from Western countries. However, the basic problem of how to increase efficiency in the management of a socialist economy still remained unsolved.

4. Readjustment of Relations among Advanced Western Countries

(1) Japan and West European countries, including the members of the expanded EC which started functioning in January 1973, increased their economic power and their international statures rose. On the other hand, it became necessary to adjust relations among the advanced countries, such as the United States, the states of Europe and Japan, in connection with efforts of the United States to improve its relations with the Soviet Union and China. Among the United States, Europe and Japan, efforts had been made to adjust their interests, especially over monetary and trade problems. Between the United States and Europe, there were issues on which their views did not necessarily agree, such as the sharing of defense efforts concerning the security of Europe. The so-called plan for a "declaration of principles" proposed by (then) U.S. Presidential Assistant Henry Kissinger in April 1973 was an attempt, against the background of such a situation, to strengthen cooperative relations

among the advanced countries of the West with common political ideals and social systems by mutually confirming their basic common understanding regarding political, economic, security and other problems.

(2) Moreover, the attitudes, which Western Europe and Japan, that heavily depend on petroleum from Arab countries, took in order to cope with the situation during the Middle East war in the autumn of 1973 and the oil crisis, were not necessarily in line with that of the United States.

Later, great efforts were made to adjust views among the countries concerned over these problems. As for the energy problem, major oil-consuming countries held a conference in Washington in February 1974, but the gap between some countries such as the United States and France still remained unbridged. It was still uncertain what would become of the plan for a "declaration of principles."

(3) In the expanded EC, the situation became difficult because delicate differences of interests among the member countries emerged over the oil crisis, and it is expected that progress toward the economic integration of Europe will face some complications in the future. It is considered that moves of various European countries, centering on the EC, will greatly affect not only mutual relations among the advanced countries of the West but also the world economy and other aspects in the future.

Under such circumstances, Japan tried to promote closer relations with the advanced countries of the West.

5. Moves for the Reorganization of the International Economic and Social Order

(1) The year 1973 saw great changes in the international economic order, including international trade, currencies and natural resources.

The international monetary situation had remained calm under the Smithsonian monetary system until the early stage of 1973, when the currency market became confused and the

dollar was devalued and the yen and other major currencies shifted to the floating rate system. The global monetary unrest was brought to an end after several meetings of the finance ministers of principal countries and the annual meeting of the IMF in Nairobi in September, and opinions of the various countries were adjusted in order to start a new international monetary system. To these developments, Japan made positive contributions.

As regards trade problems, the GATT ministerial conference in Tokyo (in September) adopted the Tokyo Declaration which decided to open new rounds of the Multilateral Trade Negotiations to promote a further liberalization of world trade.

(2) In 1973, natural resources and energy became serious problems. Crude oil prices, which had been on the increase in recent years, were raised further by a big margin following the cutbacks in oil production by the oil-producing Arab countries in connection with the Middle East war, and this posed a serious problem to the world economy, both giving rise to uncertainty about the demand-supply position in oil and affecting the monetary problem.

One after another, the industrial countries of the world, including Japan, took measures to control the consumption of oil on the one hand, and intensified moves to solve the problem through international cooperation on the other. In December, the United States called for the formation of an action group for energy, and a conference of major oil-consuming countries was held in Washington in February 1974 at the proposal of President Richard Nixon. Japan took part in the conference and endeavored to realize harmonious relations of cooperation between the oil-producing and oil-consuming countries.

(3) The big increases in crude oil prices caused a lopsided flow of money into the oil-producing countries, creating an unstable factor in the international economic situation. This made the IMF's job of reforming the international monetary system difficult. Moreover, the steep rise in oil prices brought about stagflation in the advanced countries through the acceleration of commodity price increases, the worsening of their international payments position and production difficulties stemming

from energy shortages, thereby giving rise to fears about the growth of protectionism and regionalism. The developing countries without oil suffered a serious blow because of, on the one hand, the increased crude oil prices, increased import prices for semi-processed raw materials as well as the difficulty in obtaining such materials, and, on the other, the prospect of little increase in aid from the advanced countries.

(4) In 1973, moves to seek a new international order concerning the sea gained momentum, and the U.N. General Assembly decided to hold the third U.N. Conference on the Law of the Sea in June 1974. As a result of remarkable progress in recent years in the utilization of the ocean due mainly to the expansion of economic activities, there emerged such serious problems as the dwindling and drying up of marine resources and the pollution of the sea. On the other hand, the trend among the seaboard countries to use wide areas of the high seas exclusively for their own purposes and to monopolize the resources there has become more conspicuous than ever before.

It is considered that this trend will greatly affect Japan which as a maritime nation has benefited much from the traditional principles of free competition on the open oceans.

6. Stronger Voices of the Developing Countries

(1) The developing countries have been strengthening their voices in recent years, as is evident in matters concerning natural resources, energy and the sea. Especially, as was seen in the example of the oil-producing Arab countries' oil strategy, there was a strong trend in 1973 among the developing countries to make various economic demands intertwined with political demands concerning natural resources, trade and aid, in order to achieve national self-reliance.

The fourth Conference of Heads of State and Chief Ministers of Non-aligned Nations held in Algiers in September adopted various declarations and resolutions which incorporated not only the developing countries' political claims, but also their demands on economic problems that were more radical than ever

before. Several meetings of the leaders of the Arab nations since the autumn of 1973 as well as the summit talks of Islamic nations in Lahore in February 1974 also showed conspicuous moves to make political demands relating to the economic problems of the developing countries.

(2) This trend, on the one hand, caused a further sharpening of the conflict of interests between the advanced countries and the developing countries in such forums as the United Nations and, on the other, resulted in enhancing the importance of various U.N. agencies as forums of dialogue between the North and the South. It was also observed that there were differences in interests and stands between the developing countries that have petroleum and other important natural resources and those which do not have such resources, thus showing that problems facing these developing countries had become complicated.

Japan, which has close relations with the developing countries, offered them as much cooperation as it could, through international organizations and bilateral arrangements, with a deep understanding of their basic desires and their complicated problems.

7. Situation in Asia and the Pacific Region

(1) Moves of the United States, China and the Soviet Union, as well as those of Japan, greatly affect the situation in Asia and the Pacific area. In 1973, the state of tension between China and the Soviet Union persisted. In relations between the United States and China, however, the two countries agreed to establish respective liaison offices in each other's capital as a result of (then) Presidential Assistant Kissinger's visit to China in February, and their relations actually developed into those almost equivalent to diplomatic relations. The situation in Asia as a whole proceeded in the direction of calming down with the progress in the U.S.-Soviet dialogue as the background, and the cease-fire agreements for Vietnam and Laos were concluded.

(2) The United States, on the one hand, maintained its policy of reducing its forces in Asia by degrees under the Nixon

doctrine, and, on the other, honoring its treaty obligations to various Asian countries, continued to maintain its presence there to the extent necessary for the peace and stability of that area. In particular, the strengthening of close relations between Japan and the United States, with the Japan-U.S. Security Treaty as the axis, by eliminating through mutual efforts most of the factors of friction which had occurred in their bilateral relations in recent years, contributed much to the peace and stability of Asia. The United States completed the withdrawal of its forces from the Republic of Vietnam in March. In its relations with Taiwan, the United States ended its free military aid to Taiwan in fiscal 1974 (as announced in June), and began to withdraw part of its forces in Taiwan (in September). The United States also held several consultations with Thailand over the problem of withdrawing U.S. forces in Thailand, and part of its troops were pulled out in September.

(3) The domestic situation in China since the latter half of 1973 contains aspects which could not necessarily be described as stable. However, no major change was seen in the diplomatic field.

Working relations between Japan and China made progress throughout 1973 despite some twists and turns, and Foreign Minister Masayoshi Ohira's visit to China in January 1974 contributed to the promotion of their working relations.

(4) The Soviet Union continued brisk activities in this area, and often raised the subject of its Asian collective security plan. The Soviet naval fleet in East Asian waters and the Indian Ocean intensified its activities, and the Soviet Union conducted tests of MIRV missiles in the east Pacific area between the summer of 1973 and early 1974.

In Japan-Soviet relations, Prime Minister Kakuei Tanaka visited the Soviet Union in October and discussed the conclusion of a peace treaty and other matters including the northern territorial issue.

(5) In the Korean Peninsula, several meetings were held between the North and South Korean Red Cross societies, while the North-South Coordinating Committee also had its meetings in the first half of 1973, in the wake of the joint statement is-

sued in July 1972. However, the stands of both parties over North-South relations were delicate. Following North Korea's establishment of diplomatic relations with countries that have diplomatic relations with the Republic of Korea and North Korea's participation in the World Health Organization along with the South (in May), the Republic of Korea in June issued a realistic and epoch-making statement to the effect that it was not opposed to the simultaneous participation of the North and the South in the United Nations. However, North Korea immediately made its negative stand clear. That the U.N. General Assembly in November reached a consensus in expressing its expectations on the continued dialogue between the North and the South attracted attention as reflecting international public opinion in favor of avoiding a showdown on the Korea issue. However, there occurred several incidents showing tense relations between the North and the South late in 1973 through early 1974, and no significant progress was made in the North-South dialogue.

(6) In Indochina, a strong tendency toward peace developed through the conclusion of the Vietnam cease-fire agreement in January 1973, the Paris international conference on Vietnam in February, and also the conclusion of the Laos cease-fire agreement. However, there were ups and downs in the situation in Cambodia thereafter, including the battle over Phnompenh. In Vietnam where the cease-fire agreement went into force, violations of the cease-fire occurred in succession. In Laos, things developed toward the formation of a coalition government after the turn of 1974, and the situation has been returning to normal.

Elsewhere in Southeast Asia, the internal instability of many countries increased due to internal and external factors. In the Philippines, the political system was reorganized under the Marcos Administration (in January). In Thailand, a civilian government was established as a result of a change of government in October. It was observed that the demonstrations staged in Thailand and Indonesia on the occasion of Prime Minister Tanaka's visit in January 1974 were related to some extent to the internal factors of these countries.

(7) Australia and New Zealand showed moves to increase

their freedom of action under the labor governments established late in 1972, and the leaders of both countries visited various Asian countries as part of a diplomacy that attaches importance to Asia.

Chapter 2. Basic Issues of Japan's Diplomacy

1. Implementation of a Multilateral Diplomacy through Dialogues and Cooperation

In 1972, Japan managed to settle various postwar issues in the diplomatic field, except the northern territorial issue, and it is now developing a multilateral diplomacy to play an international role befitting its stature as a member of the world community. In a diversified and fluid international situation, Japan must take diplomatic measures to broaden the foundation for its own survival and prosperity by promoting a dialogue with other countries of the world, pursuing common interests while respecting each other's basic stand, and broadening fields of cooperation.

Prime Minister Kakuei Tanaka's visit to various countries in 1973 and early in 1974 were made essentially from this standpoint. It is necessary for Japan to continue to conduct its diplomacy extensively and multilaterally, including summit diplomacy as circumstances require, toward the Near and Middle East, Africa, Central and South America, in addition to North America, Europe, Asia and Oceania.

Japan also needs to make diplomatic efforts to expand fields of cooperation through dialogues with other countries with different social systems, including its neighbors, the Soviet Union and China.

The establishment of diplomatic relations between Japan

and the Democratic Republic of Vietnam and the German Democratic Republic in 1973 was a manifestation of this policy of Japan.

Japan's firm relations of friendship and cooperation with the United States form the basis for the implementation of a broad and multilateral diplomacy. It is a reality that multilateral diplomacy works effectively in the international arena only when it is based on a solid foundation. Relations of friendship and cooperation between Japan and the United States, with the Japan-U.S. Security Treaty as the axis, also play an important role in the peace and stability of Asia and the Pacific region, including Japan. It is true that there has been some progress in various forms of dialogue between countries across the barrier of different social systems, following detente between the United States and the Soviet Union and also between the United States and China, and the so-called cold war structure is undergoing a transformation. However, it must not be forgotten that these changes have been made possible through international power politics and the established framework that has regulated international relations up to the present.

2. Contributions toward the Creation of a New International Economic Order

In the international community today, relations not only between the advanced countries, but also between the advanced and the developing countries, as well as those between the developing countries themselves, basically have been deeply interwoven into the fabric of a deep and broad interdependence among all nations. It is also a fact, however, that there are some aspects where their mutual interests conflict. The question of the moment, therefore, is how to solve such conflicts of interests through cooperation and mutual concessions and how to establish a new international order for the smooth development of these basic interdependent relations. Japan has been able to follow the road to prosperity after the war primarily because of the efforts of its people and also because the external

environment has been favorable to Japan. Now that Japan has greatly increased its economic power, it is no longer possible for it to pursue prosperity for itself alone on the postulate that the international environment will remain as before. This is because the behavior of Japan itself exerts a great influence, directly and indirectly, on the international environment through its economic power. Japan realizes its own position and responsibility in the world, especially in the international economic community, and endeavors to eliminate unstable factors in the international community through cooperation with other countries, thereby making positive contributions toward the creation of a harmonious order by which the world can share peace and prosperity. From this point of view, Japan contributed to the adoption of the Tokyo Declaration on the occasion of the GATT general assembly in Tokyo in September 1973, and participated in the Washington Energy Conference in February 1974 in an effort to create harmonious relations between the energy-producing and the energy-consuming countries.

Japan needs to make further efforts for this kind of international cooperation because it depends on the organization of a free, responsible and healthy international social order for its survival and prosperity.

3. Positive Promotion of Cooperation with the Developing Countries

The promotion of economic and social development for the developing countries in order to solve the North-South problem is one of the biggest problems for the world today.

The developing countries have strengthened their demands in recent years, and the problems between the developing countries themselves have become diversified because some of them have important natural resources while others do not and also because of the difference in their respective stages of development.

Under these circumstances, it is a great international responsibility for the advanced countries to weave the position of

the developing countries into a harmonious international order and cooperate in their economic and social development.

Japan's relations with the developing countries in various regions of the world, whose relations among themselves are complicated in such a way, have become closer than ever before as its economic foundation has expanded on a global scale. Especially, Japan has traditionally put emphasis on its cooperation with the developing countries of Asia centering on its neighbors in Southeast Asia, and this policy will be firmly maintained in the years to come. At the same time, with a view to securing a broader foundation for its survival and prosperity, Japan must promote closer relations with the countries of the Near and Middle East, Africa, Central and South America.

Japan is now in a position to be able to offer not only industrial products but also capital, technology and experience to the developing countries. It is necessary for Japan to continue to construct carefully thought-out relations of mutual benefit and equality with the developing countries, and establish relations of extensive cooperation, including inter-governmental economic cooperation and cultural interchange, through a deep understanding of their strong desire for nation-building. Especially, Japan must take measures concerning official development aid to help improve the welfare of the general public in these countries by improving aid qualitatively and quantitatively and increasing cooperation in such fields as agriculture, medicine and education.

4. Importance of Cultural Diplomacy

To assure lasting peace and friendly relations with other countries, it is essential for Japan to have a correct understanding of foreign countries and their people and to inform them of Japan's culture, history, traditions and national character for better mutual understanding. It will be impossible to create lasting and stable international relations only through bargaining over political and economic interests. Cultural as well as personnel exchanges will promote correct mutual understanding, give

breadth and depth to the nation's diplomacy and enhance a lasting sense of solidarity within the international community.

Reflecting its own realization of its past failure to adequately grasp the importance of cultural interchange in the diplomatic field compared with the countries of Europe and America, Japan established the Japan Foundation in 1972 and has endeavored to expand its scale and functions. From the standpoint mentioned above, Japan made financial contributions through the Foundation to universities in Europe and the United States for the promotion of studies on Japan. It has also been carrying forward its "Southeast Asia Youth Ship" program and has invited the U.N. University to establish its headquarters in Japan. This country needs to make further efforts to promote its cultural diplomacy.

As the activities of Japan and the Japanese people have expanded on a global scale and become diversified, its international contacts and exchanges on the private level have greatly increased in recent years. Not only the Government but the entire nation as well must deepen mutual understanding with the rest of the world and make continuous efforts to win lasting international trust and respect.

Chapter 3. Diplomatic Efforts Made by Japan

Section 1. Prime Minister Tanaka's Visits to Various Countries

Prime Minister Kakuei Tanaka made official visits to the United States, France, Britain, the Federal Republic of Germany, the Soviet Union, the Philippines, Thailand, Singapore, Malaysia and Indonesia in the summer of 1973 and early in 1974, and exchanged frank opinions with the leaders of these countries not only on bilateral relations but also on a wide range of international problems of mutual concern. The Prime Minister's visits were of great significance in today's world where

the degree of interdependence among all nations has taken on increased importance and there is a corresponding need for deepening mutual understanding.

1. Visit to the United States

As the start of his summit diplomacy in 1973, Prime Minister Tanaka visited Washington, New York, Chicago and San Francisco in the United States from July 29 to August 6, 1973. During his visit, the Prime Minister held talks with President Richard Nixon twice, on July 31 and August 1, in Washington.

The Japan-U.S. summit talks in Hawaii in September 1972 confirmed the need for "a constant dialogue," and the summit talks in 1973 formed an important part of this dialogue. The imbalance in trade between Japan and the United States, a pending issue on the occasion of the Hawaii talks, was greatly improved subsequently, and the Washington talks took place under circumstances in which there was no urgent pending problem between the two countries. At the meeting, the leaders of the two countries exchanged frank opinions on the respective roles to be played in the world by Japan and the United States, which have built up a mature partnership, and how they should cooperate with each other. Reflecting the thinking mentioned above, the two leaders in their joint statement issued after the talks confirmed with respect to the roles to be played by the two countries that first, the maintenance of close cooperative relations between the two countries under the Japan-U.S. Security Treaty was an important factor in maintaining stability in Asia. They also reconfirmed the two countries' determination to help the reconstruction of Indochina and expressed their preparedness to contribute to the promotion of peace and stability on the Korean Peninsula and pledged continued efforts for the promotion of regional cooperation in Asia. The Prime Minister expressed positive interest in the so-called Kissinger concept (a declaration of principles), and the two leaders made it clear that Japan and the United States would hold close consultations on this matter.

As for international economic problems, the two leaders reconfirmed that they attached importance to achieving success in multilateral negotiations in the trade and monetary fields in the belief that such problems as currency, trade, natural resources, energy and environment needed extensive international cooperation as common problems of the advanced industrial countries. They agreed that the two countries would continue to co-ordinate their efforts to secure stable supplies of energy resources.

The Prime Minister's visit to the United States was of deep significance in that it contributed to the strengthening of communication between Japan and the United States. The Prime Minister made it clear that the Japanese Government intended to contribute funds totaling \$10 million to support studies on Japan at American universities, including funds for study courses. Prime Minister Tanaka spoke on Japan's basic diplomatic policy at the National Press Club in Washington, and came into extensive contact with people of all social standings, including Congress members, and also, journalists, financial circles and local political leaders in New York, Chicago and San Francisco. The Prime Minister appeared on NBC's nationwide TV program "Meet the Press" to talk to the Americans directly. His energetic activities promoted a better understanding on the part of the American public about Japan's real situation and the desires of the Japanese people, thereby contributing much to the continuation of the "constant dialogue" between the two countries since the Hawaii talks.

2. Visit to Western Europe

Prime Minister Tanaka visited France, Britain and the Federal Republic of Germany from September 26 to October 7 and had talks with the leaders of their governments and also of economic circles. Meanwhile, Foreign Minister Ohira visited Italy from September 27 through 29, after attending the U.N. General Assembly, and attended a periodic Japan-Italy consultative meeting at the Foreign Minister level. The Foreign

Minister later accompanied Prime Minister Tanaka on his visit to Britain and Germany.

It was the first visit to Europe by a Japanese Prime Minister in 11 years since the late Prime Minister Ikeda's visit in 1962. Prime Minister Tanaka's visit attracted attention at home and abroad as reflecting Japan's enhanced international position and the increased positive character of its diplomatic activities. The host countries also attached importance to the Prime Minister's visit and showed unusually great enthusiasm in receiving him. This was taken as showing the West European countries' understanding of the importance of their relations with Japan. It is believed that the Prime Minister's direct dialogue with the leaders of these countries promoted mutual understanding between Japan and Europe and served as an opportunity to promote cooperative relations between Japan and Europe within the global framework and contributed to the expansion of Japan's diplomatic base from the standpoint of promoting Japan's diplomacy in a multipolarized age.

In his talks with the leaders of France, Britain and the Federal Republic of Germany, the Prime Minister exchanged frank opinions not only on bilateral problems but also on major international issues, and views were adjusted on the future of the world in many fields. They also discussed concrete ways to promote cooperative relations in such fields as trade, currency, capital movements, energy, culture, science and technology, environment and development cooperation with third countries.

In concrete terms, they confirmed the need for cooperation between Japan and Europe in order to hold successful talks at the Multilateral Trade Negotiations of GATT and on the monetary problem. On the resources issue, they discussed development cooperation with third countries and various other possibilities from the common viewpoint that Japan and Europe heavily depend on foreign countries for natural resources.

As examples of concrete cooperation, Japan and France agreed in principle that Japan would purchase enriched uranium from the EURODIF S.A. enriched uranium plant, which was being pushed under French initiative. Between Japan and Britain, Japan's participation in the development of the North Sea

oil field was discussed, while agreement was reached between Japan and Germany on the establishment of a joint committee on resources.

In connection with the so-called Kissinger concept proposed by the United States in April 1973, the nature of cooperative relations among Japan, the United States and Europe were discussed. Apart from the form of such cooperation, they agreed on the need for more extensive relationships between Japan and Europe and to hold close consultations.

As regards economic relations between Japan and Europe, which can be regarded as the pivot of their close relations, Prime Minister Tanaka specifically mentioned that the exchange between them was still not adequate enough considering the economic strength of both sides and stressed the need for efforts to develop their economic relations over a wide range of fields, including capital, science and technical exchange in addition to trade, in the form of balanced expansion. Moreover, Prime Minister Tanaka explained that for that purpose, Japan had shifted its production-oriented economic policy of the past to a welfare-oriented policy and was making efforts to liberalize trade and capital, and requested further efforts on the part of the enterprises of Western Europe to do business in Japan. Considering the possibility that mutual distrust could arise from various friction-causing factors in economic relations between Japan and Europe, including obstacles that might stand in the way of West European enterprises planning to do business in Japan, the Prime Minister showed a positive attitude toward resolving those factors, thereby making a strong impression on the host countries.

As for cultural exchange, the Japanese Government offered to make financial contributions equivalent to ¥300 million each to France, Britain and the Federal Republic of Germany for the promotion of Japanese studies in these countries. The offer was accepted with gratitude by the leaders of these countries, and it is expected that such funds will greatly contribute to the promotion of mutual understanding between Japan and Europe. It was also of great significance from the point of cultural interchange between Japan and France that President Georges

Pompidou of France agreed to lend the Mona Lisa to Japan.

3. Visit to the Soviet Union

Following his visit to the Federal Republic of Germany, Prime Minister Tanaka, accompanied by Foreign Minister Ohira, paid an official visit to the Soviet Union from October 7 through 10.

It was the first visit made by a Japanese Prime Minister in 17 years since the then Prime Minister Hatoyama's visit on the occasion of the restoration of diplomatic relations between Japan and the Soviet Union in 1956. Prime Minister Tanaka's visit was made in accordance with the standing invitation of General Secretary Brezhnev of the Central Committee of the Soviet Communist Party to the Prime Minister of Japan to visit the Soviet Union, which was confirmed in his letter addressed to the Prime Minister (see page 111 of the Diplomatic Bluebook for 1972). On the occasion of his visit to the Soviet Union, the Prime Minister held frank talks with General Secretary Brezhnev and other top-ranking leaders of the Soviet Union over a wide range of bilateral relations, including the northern territorial issue.

In his four rounds of talks with General Secretary Brezhnev and other Soviet leaders, and also his meeting with Chairman Nikolay Podgorny of the Presidium of the Supreme Soviet, Prime Minister Tanaka asked the top Soviet leaders to take resolute action on the northern territorial issue from a broad point of view, stressing that the issue could not be avoided if truly good-neighborly relations were to be established between Japan and the Soviet Union, and that the top leaders of both countries were charged with the mission of settling this problem.

As a result, "both sides have recognized that the conclusion of a peace treaty by settling various pending problems since World War II will contribute toward the establishment of truly good-neighborly relations between the two countries, and discussed various problems concerning the contents of a peace treaty. They have also agreed on the continuation of negotia-

tions for the conclusion of a peace treaty at an appropriate time in 1974," as mentioned in paragraph 1 of the Japan-Soviet joint communique dated October 10. The top leaders of both countries also confirmed that "various pending problems since World War II" included the northern territorial issue.

In view of the Soviet Union's consistent stand before that the territorial issue had been settled, the talks mentioned above can be regarded as having opened the way for the settlement of the northern territorial issue.

On the occasion of the Prime Minister's visit to the Soviet Union, the top leaders of the two countries also discussed other pending problems between Japan and the Soviet Union. They signed a treaty on the protection of migratory birds, an agreement on scientific and technical cooperation and detailed arrangements for a cultural agreement.

General Secretary Brezhnev and Chairman Podgorny and Premier Kosygin accepted the Prime Minister's invitation to visit Japan, and it was agreed to have separate consultations to decide the timing of their visits to Japan.

4. Visit to Southeast Asia

(1) Prime Minister Tanaka visited five Southeast Asian countries, namely, the Philippines, Thailand, Singapore, Malaysia and Indonesia from January 7 to 17, 1974.

It was the first visit made by a Japanese Prime Minister in six years since Prime Minister Sato's visit in 1967. During this period, the international environment surrounding Asia rapidly changed, including the normalization of relations between Japan and China and the conclusion of the Vietnam cease-fire agreement. At the same time, Japan and the Southeast Asian countries had made big strides in expanding their relations of interdependence centering on the economic field.

During his visit under these circumstances, the Prime Minister exchanged frank opinions with the leaders of the host countries on the international situation, especially on a wide range of problems such as the situation in Asia, regional cooperation, economic affairs and economic cooperation. Their talks

proved fruitful for the promotion of mutual friendship and cooperation.

On the occasion of his visit, the Prime Minister made the following principles clear as Japan's basic attitude toward the Southeast Asian countries with which it has close relations:

(i) Promotion of good neighbor relations with the Southeast Asian countries to share peace and prosperity with them.

(ii) Respect for the independence of those countries.

(iii) Promotion of mutual understanding with those countries.

(iv) Contribution to the economic development of those countries without disturbing their economic independence.

(v) Respect for voluntary regional cooperation among those countries.

The leaders of the host countries all welcomed the Prime Minister's explanations about the principles mentioned above, and these principles were incorporated in each of the joint press releases issued by Japan and the respective host country.

The leaders also discussed bilateral relations in depth. As for economic cooperation, Japan expressed its preparedness to cooperate positively in the development efforts of the host countries and agreed to give a third yen credit to Malaysia.

In connection with the oil crisis, the leaders of all the host countries urgently requested that Japan ensure stable supplies of oil-related products, especially fertilizers. In reply, the Prime Minister explained in detail the effects of the oil crisis on the Japanese economy and, at the same time, made it clear that Japan would respect to the greatest extent possible the contracts already made in order to avoid an adverse influence of the oil crisis on the economies of those countries.

(2) Criticism of Japan has increased in various Southeast Asian countries in recent years against its sharply increased enormous economic presence, the business methods of Japanese enterprises and also the behavior of Japanese residents in those countries. On the occasion of the Prime Minister's visit, local students staged anti-Japanese demonstrations and riots in Bangkok and Jakarta. Protests also occurred in Malaysia and elsewhere.

Under these circumstances, the Prime Minister made it clear that Japan would amend what it should amend on the basis of its basic position stated in (1) above. At the same time, he frankly pointed out that the criticism against Japan included problems that fell within the competence of the governments of the host countries and endeavored to correct those points which apparently stemmed from misunderstandings on their part.

As mentioned above, moves critical of Japan were evident to varying degrees in the countries visited by the Prime Minister, except the Philippines. On the other hand, the Southeast Asian countries need Japan's aid or economic strength for their own nation-building efforts and, in this context, they are showing the basic posture of placing increasing expectations on Japan's cooperation. Japan, which lacks natural resources, also needs smooth development of its economic relations with the Southeast Asian countries to maintain its prosperity and enrich its national life.

Despite moves to criticize Japan, the summit talks in those countries took place in a friendly atmosphere on the basis of such an understanding, and these confirmed anew the interdependent relationships that exist between Japan and the Southeast Asian countries. At the same time, the common understanding was reaffirmed that it was necessary to promote such relations further in a constructive manner in the direction of mutual benefit. This was the biggest achievement of the Prime Minister's visit.

Section 2. Contributions to the Harmonious Development of the World Economy

1. The year 1973 was an eventful year in the economic field also. The advance of inflation simultaneously in various parts of the world, the shifting of the currencies of major countries to the floating rate system, food shortages, and the

so-called oil crisis since the OAPEC members' announcement of supply cutbacks in October, all very seriously affected the economies of various countries. The problem from now is how to establish a new order in the international economy which has been thrown into a state of confusion by these upheavals, and to find a course of harmonious development.

Since Japan is heavily dependent on foreign countries for important resources and food, it is inevitably affected decisively by the trends of the world economy. On the other hand, Japan's economic policy and trends directly affect the world economy because of Japan's great economic strength. Japan, therefore, firmly maintains the attitude of seeking stable prosperity for the whole international community and of playing a role commensurate with its economic strength in the world economy. It has made positive contributions toward achieving the stable growth of the world economy at international conferences dealing with various problems of the international economy.

A feature of the recent changes in the international economy is the emergence of new problems that cannot be regulated by conventional international economic rules, such as resources, energy, food, international investment and the international spread of inflation, in addition to such traditional international economic problems as trade and currencies, and that these problems of the international economy are closely related with each other. For instance, the aggravation of global inflation affected the stability of the international currencies, and the decline in the value of the dollar was a factor in the raising of crude oil prices by OPEC members. On the other hand, the oil crisis had an impact on the international payments of various countries, a new factor of change in the monetary situation.

2. In connection with the oil crisis, which was the biggest problem in 1973, Japan endeavored to promote broad relations of friendship and cooperation with the countries possessing petroleum resources through personnel and cultural exchange, while showing a deep understanding of their enthusiasm for nation-building and also of their uneasiness about the fact that their petroleum resources would eventually dry up. Acting from the basic attitude that the creation of harmonious relations

between the oil-producing and oil-consuming countries is essential for a fundamental solution of the oil problem, Japan attended the Washington Energy Conference held in February 1974 at the proposal of the U.S. Government. Japan's stand won full understanding of the participating countries, and its view was also reflected in the communique of the conference.

At the conference, Japan supported the creation of a coordinating group mainly charged with the task of preparing for an opening of a dialogue as early as possible between the oil-producing and oil-consuming countries, from the standpoint that such a dialogue was indispensable. The group has already met several times. Since direction has been given by and large to the moves to settle the problem through the efforts of various countries concerned, Japan has been making positive contributions, while consulting with other countries concerned, toward creating harmonious relations between the oil-producing and oil-consuming countries.

3. In the monetary field as well, 1973 was a year of upheavals. The Smithsonian monetary system came to an end due to the second devaluation of the U.S. dollar and the shift of the currencies of main countries, including the yen, to the floating rate system with the monetary crisis in Europe early in 1973 as a turning-point. On the other hand, the oil crisis exerted a serious influence, which was completely different from any other event before, on the international payments of various countries. The trend toward an increase of the foreign exchange reserves in the hands of the oil-producing countries is expected to affect any new monetary system and also its operation, and the task of working out a new international monetary system is likely to prove difficult. However, Japan, from the standpoint of its basic position mentioned above, has played a positive role in discussions on international monetary reform in the belief that the early establishment of a stable monetary order is necessary, especially in a time of upheaval like today.

4. In the field of trade, Japan stressed the need for a further expansion of trade under a free and open economic system on the occasion of the GATT Ministerial Meeting in

September 1973, and tried to help adjust views between the United States and the EC for the adoption of the "Tokyo Declaration," which marked the start of the new round of the Multilateral Trade Negotiations. This reflected Japan's positive intention to contribute toward the establishment of a world economic order.

If the trend toward global recession develops further because of the oil crisis, some countries may make protectionist moves, such as import restrictions, from the standpoint of giving priority to their domestic industries. Under these circumstances, it is necessary for Japan, whose national policy is the promotion of trade, to uphold the ideals of free trade in order to maintain and strengthen the world economic order.

5. As for food, export restrictions on foodstuffs in 1973, including American soybeans, came as a shock to Japan, and the sense of crisis over food deepened throughout the world. However, the demand-supply situation in food has improved because world food production in 1973 reached a record high level and also because of forecasts of good crops in 1974, and the food crisis is abating.

But food prices still remain high while the level of the world's stockpiles of food is very low, and it is expected that the food problem will go through more ups and downs.

At the world food conference and the GATT Multilateral Trade Negotiations scheduled to take place under these circumstances, it is necessary for Japan to secure stable supplies of needed foodstuffs over a long period of time and to make due contributions toward settling the world's food problem. This means that Japan will be required to study from new angles what kind of attitude it should take toward the problem of not only this country stockpiling foodstuffs, but also the world, and also how to help the developing countries in their agricultural development.

6. Another feature of the trends in the international economy is that the degree of external influence on domestic economic policies has increased as the degree of interdependence among the economies of various countries has deepened in recent years, and that it is becoming difficult to distinguish be-

tween domestic and external policies. It has become necessary to hold consultations among the governments of different countries on policy matters in various fields that were considered domestic economic problems in the past.

Japan, therefore, must always have an overall grasp of the complicated interrelationships in the whole range of economic activities in carrying out its economic diplomacy, and also wrestle with the difficult task of assuring the stable growth of its economy over the long range, while contributing to the harmonious development of the world economy through bilateral and multilateral negotiations, and while taking the need for harmony with domestic policies into consideration.

Section 3. Contributions to Settling the North-South Problem

1. A settlement of the North-South problem is indispensable for the improvement of the welfare of mankind and for the development of a new and rich world civilization. This is one of the greatest problems facing the world today. It has historical importance in that the manner of solving the problem will exert a great influence on the future direction of history.

The developing countries' own efforts and the advanced nations' continued cooperation over the past quarter of a century to solve this problem have not yet produced satisfactory results. After a lapse of this much time the gap between the advanced nations and the developing countries still remains wide. The developing countries are experiencing various difficulties in their "takeoff" for development, while the advanced countries feel a sense of disappointment over the results of development in the past and have considerable doubt about future development. The advanced nations' aid activities aimed at solving the North-South problem should be promoted from the standpoint that it is a historical mission of the whole international com-

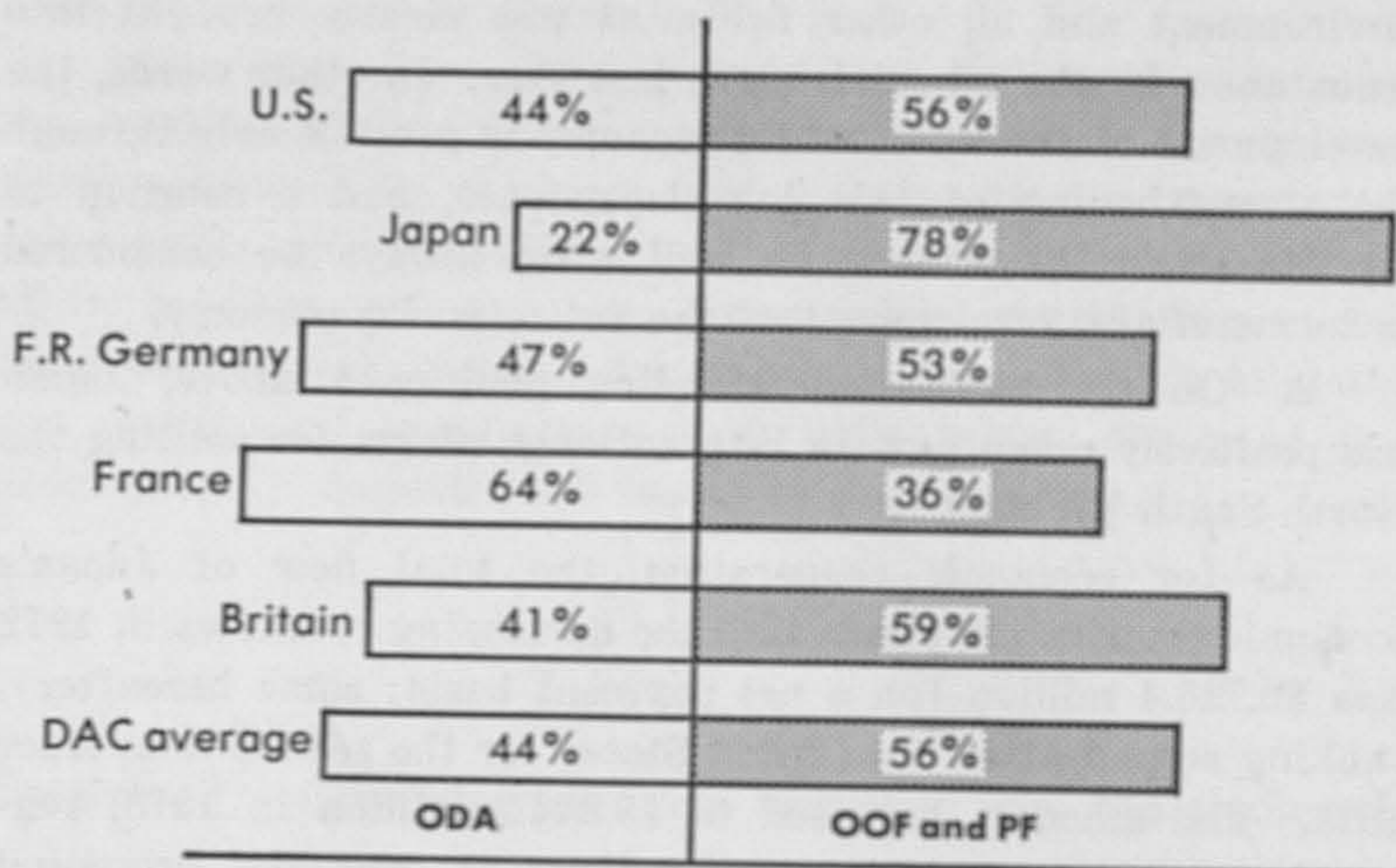
munity to be carried out for its own future, not as a mere charitable undertaking. The world economy today is based on a structure of interdependence in trade, investment, resources, environment and all other fields, as was clearly brought into focus anew by the oil crisis since last year. In other words, the development of the whole world economy is possible only through the strengthening of this interdependence, and a solution to the North-South problem as well must always be considered in terms of the development of the entire world economy.

2. On the basic understanding mentioned above, Japan has positively taken part in international efforts for settling the North-South problem.

As for economic cooperation, the total flow of Japan's economic cooperation funds into the developing countries in 1972 was \$2,725.4 million (on a net payment basis; same hereafter), ranking second after the United States for the second time since 1971. The amount increased to \$5,844.2 million in 1973, registering a sharp 114.4 per cent increase over the preceding year. The proportion of total funds to Japan's GNP also jumped from 0.93 per cent in 1972 to 1.41 per cent in 1973, well over the international target of one per cent. The amount of its official development aid (ODA) showed a sharp increase of 65.4 per cent from \$611.1 million in 1972 to \$1,011 million in 1973, and its proportion to the GNP rose from 0.21 per cent in 1972 to 0.25 per cent in 1973. The increase is attributable to big increases in bilateral grants, which rose from \$170.6 million to \$220.1 million, direct loans, which increased from \$307.2 million to \$545.1 million, and also contributions to international organizations, etc., which jumped from \$133.3 million to \$245.8 million.

Of the bilateral grants, the value of technical cooperation increased from \$35.6 million in 1972 to \$57.2 million in 1973. But it remained at 5.7 per cent of total ODA. Aid through international organizations registered a sharp 84 per cent increase from \$133.3 million in 1972 to \$245.8 million in 1973, which was 24.3 per cent of ODA and, for the second consecutive year, more than the 20 per cent level recommended by the Pearson Report.

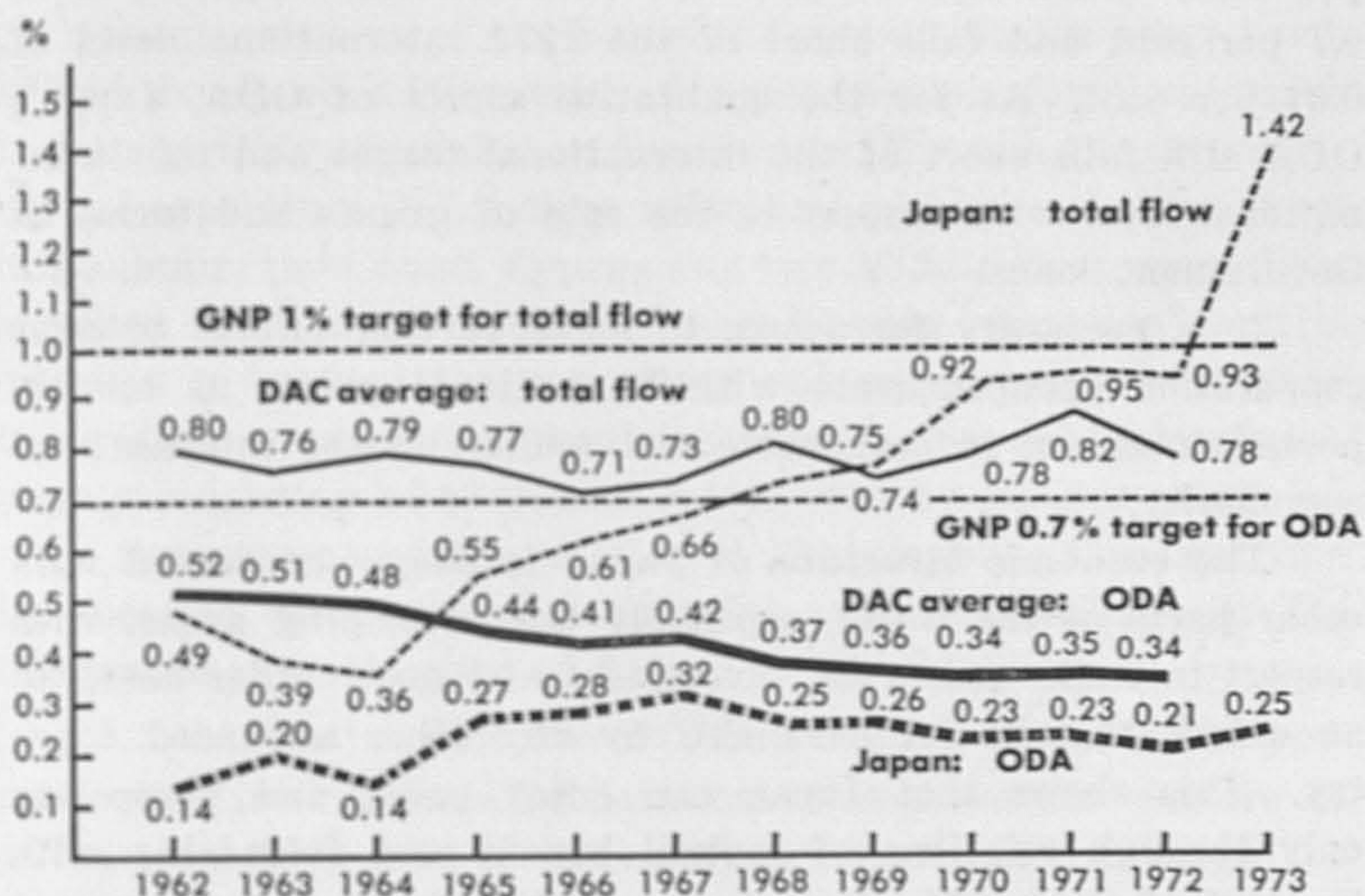
Proportion of ODA in Total Amount of Economic Cooperatin
of Major DAC Members (1972)



Source: DAC General Statistics 1972

As for terms of aid, the overall grant element (G.E.) of ODA committed by Japan in 1973 was 68 per cent, showing an improvement compared with 61 per cent in the preceding year. On the other hand, the average terms of yen credits (excluding relief for obligations) were a repayment term of 24.3 years with an initial grace period of 7.7 years, an annual interest rate of 3.55 per cent and a grant element of 48 per cent, which showed substantial improvement compared with those in the preceding year (an average repayment term of 20.4 years, an initial grace period of 6.2 years, an annual interest rate of 4.13 per cent and a grant element of 43 per cent). Untying loans is a major problem in the qualitative aspect of aid, and Japan has repeatedly expressed its intention of making efforts to positively expand untied loans. In 1973, it promised to extend six untied loans. By region, Japan had traditionally given over-

Proportion of Total Amount of Economic Cooperation and ODA in the GNP



Source: The figures for 1962-1972 are based on the DAC Chairman's report for 1973, while those for 1973 are based on reports of the Japanese Government.

whelming weight to its bilateral economic cooperation with Asian countries which received 54 per cent of total Japanese aid and as much as 98 per cent of ODA in 1972. In 1973, however, Asian countries received 39 per cent of total Japanese aid and yielded its premier position to Central and South America (which took 46 per cent). Asia's share of Japan's ODA also dropped 10 per cent from the preceding year to 88 per cent, showing a trend of diversifying Japanese aid to other regions.

Japan's economic cooperation has reached a level commensurate with its national power in quantitative terms, as explained above. However, there still remain not a few problems with respect to its contents. Especially, the value of ODA in 1973

was only 17 per cent of Japan's total economic aid (22 per cent in the preceding year), and its proportion to the GNP was 0.25 per cent, which is far below the international target level of 0.7 per cent and falls short of the 1972 international level of 0.34 per cent. As for the qualitative aspect of ODA, Japan's ODA still falls short of the international target and the international level with respect to the rate of grants and terms of Government loans.

It is necessary for Japan to make further efforts to offer cooperation commensurate with its national power as an important member, in both name and reality, of the international community.

The economic structure of Japan is deeply connected with other parts of the world, especially the developing areas, with respect to trade, resources, investment and many other fields, to an extent that is not paralleled by any other advanced country. This shows that Japan can enjoy peace and prosperity only through relations of mutual benefit and friendship with the rest of the world. Japan's cooperation in the economic and social development of the developing countries will lead to the maintenance and strengthening of its relations of mutual benefit and friendship with those countries. In this context, Japan must positively continue extending cooperation that will be truly appreciated by recipient countries.

Section 4. Quest for Peace and Prosperity through the United Nations

1. The United Nations of Today

The United Nations has been making new progress in recent years.

Upon its establishment, the United Nations inspired great hopes as an international organization to maintain world peace.

However, its mechanism of forcefully dealing with disputes, its primary function envisaged in the Charter, has never been utilized because of the disarray of the attitudes of the five permanent members of the Security Council. On the other hand, it has developed a new type of peace-keeping function, which is not expressly stipulated on the Charter, through the accumulation of experience in handling individual problems, such as those in Kashmir, the Congo, Cyprus and two Middle East wars. This is called the United Nations' "peace-keeping operation" and is intended to prevent the recurrence and expansion of a dispute by sending a cease-fire supervision group or peace-keeping force, mainly consisting of personnel contributed by smaller countries, with the consent of the parties to the dispute. This function has become increasingly meaningful amid the realities of the international community of today.

Another major objective of the United Nations is the promotion of international cooperation to improve the welfare of all nations. This field of international cooperation through the United Nations and various other international organizations affiliated with it include many areas such as economic and social development, improvement of the human environment, development and utilization of outer space, the oceans and atomic energy. The importance of the United Nations' functions to strengthen peace has increased because problems handled by the United Nations have come to cover practically all the activities of mankind. Many diversified problems brought before the United Nations bear fruit through deliberations in the form of a resolution, which is something like the greatest common measure of the international community. Resolutions have the nature of a recommendation, except those adopted by the Security Council, and countries concerned are expected to positively implement them.

The process of adjusting the interests of various countries by peaceful means prevents a dispute. The prevention of a dispute is all the more important in the world today where the United Nation's trouble-shooting function is not effective enough to cope with a dispute that has already started, and it has made substantial contributions, although indirectly, to the strength-

ening of peace. This is why the function of promoting international cooperation has become an increasingly important function of the United Nations.

Great changes have occurred in the nature or pattern of the various influences that support the myriad activities of the United Nations. These reflect the structural reform of the international community. The influence of the United States, which was great in the United Nations in the past, and of the Soviet Union, which was able to counter this, has relatively weakened. By contrast, the rise of the so-called Third World, which acts as the AA group, non-aligned group or group of 77 as the case may be, is remarkable. Besides, the expanded EC, North Europe and the ASEAN have come to act as a group in some cases, and the patterns of influence in the political structure of the United Nations are becoming complex. Furthermore, their alignment is so fluid that they change partners for each problem. The moves of China, which has entered the arena of the United Nations, have accelerated the complexity and fluidity.

2. Japan and the United Nations

Japan depends on raw materials and resources from abroad for its survival and prosperity. The latest Middle East war and the subsequent changes in the international situation eloquently show how indispensable international peace and security are to this country. Japan which has declared in its Constitution its determination to devote itself to pacifism and the spirit of international cooperation in addition to the national conditions mentioned above, attaches great expectations to the United Nations whose main mission is the maintenance of international peace and security. To be sure, although there are limits to the role directly played by the United Nations in maintaining peace at present, its indirect contributions to world peace are by no means small, as mentioned above. Moreover, although the maintenance and strengthening of world peace still depends basically on the power politics of the major powers, centering on the nuclear powers, it cannot be overlooked that the existence of the

United Nations expands the scope of options for the big powers and consequently contributes to peace. After all, the strengthening of the functions of the United Nations, which is the only global peace-keeping organization, coincides with Japan's national interests. On the other hand, voices demanding contributions to the United Nations by Japan commensurate with its national power have increased because it has enhanced its position in the international community with its remarkable postwar economic growth as the lever.

When the United Nations is viewed as an arena for multilateral diplomacy, the following points can be mentioned.

First, the supplementary nature of multilateral diplomacy in relation to traditional bilateral diplomacy and also the importance of the United Nations in multilateral diplomacy. Problems that could be dealt with on the bilateral level include not a few problems that are of common concern to all countries and whose meaningful solution cannot be expected without the cooperation of all countries, in addition to those which can properly be handled between two countries or among a limited number of countries concerned. Such problems have been on the increase because of the internationalization of social life.

Second, the importance of the United Nations as a place to collect information and also publicize a nation's opinion and position as well as to seek the understanding of other countries. In this context, it is of great significance that the United Nations includes almost all countries of the world and provides a forum for the discussion of all sorts of problems.

Third, the importance of the United Nations as a place for contacts of important persons of various countries. In this context, the general debate and speeches at the start of the General Assembly each year deserve special mention. As leaders of various countries gather in the United Nations almost at the same time, it is comparatively easy for them to meet with each other. Thus the role being played by the United Nations in promoting understanding among the nations and also in international cooperation is great.

3. Basic Policy of Japan's U.N. Diplomacy

From the standpoint explained above, Japan has promoted its U.N. diplomacy positively as a major pillar of its basic diplomatic policy. This is sometimes called the "U.N. first policy." The direction of efforts made by Japan so far can be summarized into the following three points.

First, efforts for the achievement of disarmament. The strengthening of international peace and security through the United Nations is a matter of great concern to Japan, as was already mentioned. Disarmament has a vital significance in positively strengthening peace through the easing of tensions. From this point of view, Japan has taken part with a consistent and positive attitude in discussions on disarmament at the conference of the Committee on Disarmament in Geneva and the U.N. General Assembly.

Second, efforts for economic and social development. This problem should be considered from the standpoint of improving the welfare of mankind through the elimination of causes of conflicts stemming from the egoism of various countries by studying from the global perspective the most efficient way of economic and social development based on the recognition that all nations are interdependent, instead of from the standpoint only of raising the standards of living in the developing countries and eliminating the gap between the North and the South.

Third, the strengthening of the structural and financial aspects of the United Nations in order to build a foundation for making such concrete efforts possible. Japan considers it essential to review the Charter, which has not been amended, except for a few points, since the establishment of the United Nations, and also to urgently reconstruct its finances, which are in a state of chronic deficit, in order for the United Nations to meet the needs of the times and play its role effectively in the future. Japan has repeated this proposal at every opportunity. Although Japan's share of U.N. expenses ranks third after the United States and the Soviet Union, accounting for 7.15 per cent of the total contributions, its voluntary contributions to various funds

and projects were only 2.6 per cent of the total, ranking ninth (in 1972), and further efforts are required in this connection.

Lastly, Japan pays attention to the following points in handling individual problems.

First, as regards its attitude in wrestling with various problems, Japan earnestly tries to seek the understanding of foreign countries about its views on matters at issue by participating in discussions of all problems and expressing its views at every possible opportunity. Similarly, Japan seeks whenever possible to be allowed to participate in the work of the Security Council, the Economic and Social Council and other important organs and specialized agencies as well as various committees where substantial deliberations are conducted.

Second, the firm maintenance of its position as a member of Asia and its cooperation with the advanced countries of the West. What Asia means to Japan is too obvious to require any explanation here. This country belongs to the Asian group within which it holds primary exchanges of opinions on major problems and from which it is elected to committees. In dealing with individual issues, Japan has been trying to show as much as possible its sympathy for, and understanding of, the positions of other countries in the Asian group and act in concert with them. On the other hand, Japan often has common interests with the advanced countries of the West and shares with them similar views on many basic issues, partly because its economic development is at almost the same stage as that of most Western countries. Whenever there is a difference of opinion between Asian countries and the advanced Western countries, Japan endeavors to play the role of coordinator as much as possible, so that the advanced nations and the Asian nations as developing countries can make reasonable compromises, from the viewpoint that international joint effort, instead of confrontation, is needed for the creation of a more harmonious international order. The power pattern in the United Nations has become complex and fluid, and it is necessary for Japan to take carefully thought-out measures, including a flexible attitude with due consideration for its national interest while basically taking the position mentioned above.

Third, it attaches importance to acting in cooperation with the secretariats of various U.N. organs. The existence of a secretariat that plays an important role in international conferences, including procedural matters, cannot be overlooked. It is necessary for Japan to always keep in contact with the secretariats of U.N. organs so that its national interests will not be impaired in the handling of important matters. It is indispensable for the strengthening of the United Nations to improve the secretariats by recruiting impartial and efficient international staff members who are loyal to the Charter, and Japan must make efforts to contribute greater numbers of capable Japanese personnel to the United Nations.

4. Japan's U.N. Diplomacy in 1973

Japan's basic way of thinking toward the United Nations, as explained in 3 above, was reflected in the following positive moves made in 1973.

Japan invited the 29th session of the Economic Commission for Asia and the Far East (ECAFE) of the United Nations to hold its session in Tokyo in April (Foreign Minister Ohira represented Japan as chief delegate), and stressed the importance of seeking a new economic development strategy for ECAFE from a comprehensive point of view, with emphasis on effective agricultural development, from the viewpoint that agricultural development plays an important role in the economic development of the developing areas of Asia.

At the 28th U.N. General Assembly which opened in September, Foreign Minister Ohira expressed Japan's views as to what role the United Nations should play in Asia in the future, and reiterated the necessity of reviewing the U.N. Charter, which had been advocated by Japan for a number of years, to strengthen its foundation in order to play the role originally envisaged for it and to effectively cope with a situation whenever called upon to do so. He also made it clear that, in order to reconstruct the finances of the United Nations which form the basis for all its activities, Japan would make a contribution

of \$10 million to set an example. His general debate speech drew positive response as "demonstrating an attitude of cooperation with the United Nations and strengthening it and setting an example so that the general debate will not end in flowery eloquence and useless argument." (Note 1.) Foreign Minister Ohira met with the foreign ministers of more than 20 countries, including the United States, the Soviet Union, France, Britain and the Federal Republic of Germany, on the occasion of the General Assembly. To help strengthen the foundation of the United Nations, Japan stood as a candidate for the first time for the Advisory Committee on Administrative and Budgetary Questions, which is a key commission that controls the administration and finances of the United Nations, and was elected.

With regard to the disarmament problem, the debates in the Disarmament Committee in Geneva and the U.N. General Assembly were relatively uneventful. However, the working papers concerning the substance of an international agreement submitted to the Disarmament Committee by Japan in connection with the question of banning chemical weapons were highly evaluated as providing a concrete starting point.

In connection with the fourth Middle East war which broke out in October, Japan, desiring a final settlement of the problem, reconfirmed its position of supporting Security Council Resolution 242 (Note 2), and made a voluntary contribution in response to the Secretary General's request, in addition to its share of expenses of the U.N. emergency force (second UNEF) created to secure the cease-fire under Security Council Resolution 340. It greatly increased the amount of its contribution to the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA). Its contribu-

* Note 1. The remark was made by Foreign Minister Romulo quoted in a press release of the Philippine Mission.

** Note 2. The Resolution adopted in November 1967 following the Middle East war of 1967 sets down basic principles for a settlement of the Middle East dispute. They are (a) the withdrawal of Israeli forces from the occupied territories, (b) the termination of the state of war and respect for and confirmation of sovereignty, territorial integrity, etc., (c) freedom of navigation through international waterways and (d) the creation of demilitarized zones.

tion to the U.N. peace-keeping force in Cyprus, another peace-keeping operation undertaken by the United Nations, was also increased.

Among the achievements of the 28th General Assembly, the final decisions to establish the headquarters of the United Nations University in Japan, a project in which Japan has been playing a leading role, and to create a revolving fund for prospecting for natural resources, merit special mention. They can be regarded as the fruit of Japan's concrete efforts for cooperation with the United Nations which were appreciated by various countries.

Lastly, the Korean problem and the Cambodian representation issue became major political issues at the General Assembly. As for the Korean problem, Japan took the basic attitude that efforts should be made to maintain peace and security in the Korean Peninsula through the promotion of dialogue and exchange between the North and the South. Ultimately, an accommodation was reached among the countries interested in this problem and, instead of taking a vote on opposing resolutions, they reached a consensus in the form of a Chairman's statement to the effect that they welcomed the July 4, 1972, joint statement of the North and South, which announced three principles for reunification, and expressed hopes for an expansion of the North-South dialogue and exchange. On the Cambodian representation issue, Japan supported the opinion of various Southeast Asian countries that the Cambodian problem should be solved through peaceful talks between the parties concerned without outside intervention. It was decided to carry over discussion of this issue to the next General Assembly.

Section 5. Promotion of Mutual Understanding and Cultural Exchange

1. Need for Broad Diplomacy

Profound changes are occurring in the political and economic fields both at home and abroad today. It has become an important and essential task for Japan to cope with such changes and broaden and strengthen the ties of mutual understanding that bind the hearts of various nations. Since the net of international relations now covers Japan more intensively and more extensively than ever before in so many fields, no longer is it permissible to pay attention only to those matters that are closely related to its own material interests. The need is for the Japanese people to have a basic understanding of the character and history of their own civilization and to recognize that, when their culture comes into contact with that of any other nation, it inevitably encounters a civilization of a different nature and that this could be a cause for friction and tension.

In this context, the domination of national life by any one aspect or single phase, whether it be economic affairs or science and technology, could result in the destruction of man's sense of humanity, and if this single-phase principle is introduced into relations among nations, it may eventually produce discord.

Japan's first diplomatic task after the war was to re-establish economic viability and return the nation to the international community. Its diplomacy has now completed this historical role and is now faced with the primary need to explain the true picture of Japanese civilization, which has many attributes, and, likewise, to obtain similar information from the rest of the world in order to establish mutual understanding and interchange with foreign countries. The time has come when it is no longer possible to secure vital political and economic interests without meeting the need mentioned above. It is necessary for Japan to understand that its international environment no longer allows it to carry out a foreign policy that fails to take

this fact into consideration. What is expected of Japan's diplomacy today is the promotion of a broader and more flexible policy instead, for instance, of a one-sided foreign policy with excessive emphasis on economic interests and natural resources. At a time when criticisms are being voiced abroad, especially in Asia, that Japan's external activities are excessively concerned with economic matters, the people must broaden their outlook and promote even more positively exchanges with other nations that will foster the most basic heart-to-heart relations with them. This is the task of international cultural exchange.

2. Promotion of International Cultural Exchange

Basically, cultural exchange has two aspects. One is the aspect of obtaining the understanding of other nations about the way of thinking, the manner of living, the arts and the general institutions of a country through the introduction and diffusion of its own culture. To maintain harmonious relations with foreign countries, Japan must extensively introduce abroad the true picture of the nation which has a unique modern culture and manner of living rooted in a time-honored traditional culture.

What is important in trying to introduce Japan's culture abroad is that careful attention be taken so that the result will not be, consciously or unconsciously, a one-sided publicity campaign. Care must also be made to avoid a self-righteous attitude in trying to obtain the understanding of other countries of Japan's traditional culture and classic performing arts. Another problem is how to introduce abroad Japan's unique historical experience of blending its traditional culture and Western civilization into a harmonious whole. This experience of blending the Japanese spirit with Western learning took place in Japan's particular cultural climate and history, and Japan's experience in this process, which no other developing country has shared, cannot be applied to other countries as such.

Cultural exchange is not the propagation of a culture. Its intention is to have a nation's culture understood by other

countries and to respect and understand the cultures of other countries for the creation of broad and smooth relations. The attitude of forcing a nation's culture on others one-sidedly, insisting on the absolute value of its own culture without considering the national pride of the other, will incur criticism as cultural invasion or cultural imperialism. In fact, views warning against such cultural invasion were expressed at the inter-governmental conference on cultural policies in Asia, held in Indonesia in December last year.

The same applies to cultural and educational cooperation with the developing countries, an area which has come to attract more and more attention in recent years. Each nation takes pride in its own dignity and its own culture and, in recent years, many developing countries are strongly advocating the elimination of Western influences or calling for a breakaway from Western civilization. Although it cannot be denied that the industrial technology and industries developed in the advanced countries are still indispensable factors in raising the standards of living in the developing countries, a people's true strength which can support and maintain a technological and industrial framework is fostered by the cultural traditions that have shaped the history of that nation.

Educational and cultural exchange, through the acceptance of students and trainees from the developing countries to help promote their new nation-building efforts on the basis of their own traditions, the exchange of teachers, aid in the form of teaching materials and the exchange of public performances and exhibitions, plays a great role, and the further improvement of such exchanges in quantity and quality is a task that must be undertaken from now on.

The other aspect of cultural exchange is the promotion of a positive understanding and knowledge of the cultures of foreign countries. Understanding the cultures of other countries and promoting mutual understanding not only serve as a vital means of avoiding unnecessary friction between nations but also help refine the culture of one's own country and raise its level further through contact with and absorption of the cultures of other countries.

From ancient times, Japan had been greatly influenced by Asian civilization not only in the spiritual realm, such as Buddhism and Confucianism, but also in the fields of art, science and institutions. However, since the Meiji era, it has been too intent on absorbing the advanced civilization of the West, the main current of the world, and has rarely taken the attitude of respecting and absorbing the cultures of other areas. However, in the international environment today in which it must maintain close friendly relations with many countries, it must promote a deeper understanding than ever before of the cultures of the developing countries, including the Asian countries. One of the basic causes of the criticisms directed against Japan in Southeast Asian countries, which came to the fore in January this year, is a lack of broad understanding of these nations on the part of Japan and its people. For the Japanese people, who are a homogeneous people and are basically unskilled in understanding other nations and cultures of a different nature, it is very important, in view of the increased presence of Japan abroad, to understand and evaluate properly the essentially equal cultural values of other countries through varied forms of cultural exchange, instead of measuring other countries with the economic yardstick alone.

3. Expansion of Exchange through the Japan Foundation, etc.

The establishment of the Japan Foundation in October 1972 was a manifestation of the Government's determination to carry out cultural exchange in a positive and systematic manner, instead of in the casual and secondary manner of the past, in order to meet the needs of the international community. The Foundation, which has gained experience in the more than one year of its existence, has been welcomed with a favorable response and aroused great hopes both at home and abroad, and the scale of its activities has steadily increased. However, the scale of its budget is not necessarily satisfactory compared with its counterparts in the advanced countries of Europe and

America, and it is hoped that its capital fund, which totaled ¥15,000 million as of the end of 1973, will increase further to meet the needs of the times. Its activities are mainly concerned with the exchange of personnel, assistance for studies on Japan abroad, the support and encouragement of Japanese language programs and various kinds of cultural exhibitions, and the preparation and distribution of materials. Each of them is an important project for the promotion of mutual understanding with other nations.

Japan so far has undertaken the exchange of young people who are going to shoulder the future of their countries, including the exchange of students and other young people. It seems necessary to expand activities in this field also.

Section 6. Promotion of Understanding with Various Foreign Countries

1. Asia and the Pacific Area

(1) Asian in general

The situation in Asia shifted substantially from "confrontation to dialogue" in 1971 through 1972. In 1973, the atmosphere of dialogue was promoted further, including the concluding of the Vietnam cease-fire agreement and of the protocol on the implementation of the Laos peace agreement.

However, peace in Indochina did not become as secure as had been expected, and relations among the major powers concerning Asia are still fluid. In addition, there are many unstable factors still existing in various parts of Asia. While paying attention to the situation within and outside Asia, Japan has endeavored to promote positive relations with the Asian countries and other countries of the world that have an influence on Asia, including those whose systems differ from its own, desiring that peace and stability will become firmly estab-

lished in that area. (For instance, it established diplomatic relations with the Democratic Republic of Vietnam in September 1973.) Since many of the Asian countries are still undergoing development and their weak economic and social foundations are potential sources of instability, Japan has tried to improve its economic cooperation qualitatively and quantitatively in order to make indirect contributions toward their nation-building within the framework of their national pride and sense of independence.

On the other hand, criticisms of Japan have increased in parts of Asia over the rapid increase of Japan's enormous economic presence, the way Japanese corporations conduct business and the behavior of Japanese residents in those countries. Although various complex factors and backgrounds, including differences in national character and problems of internal politics in host countries, are entangled in this problem, Japan must humbly listen to all reasonable criticisms and correct its attitude where it should. In so doing, Japan needs to cope with such criticisms patiently and calmly by taking the nature of the problem into consideration and cooperating with the governments of the host countries.

(2) Korea

Relations between Japan and the Republic of Korea have, as a whole, developed smoothly since the normalization of relations in 1965. For instance, Japan's two-way trade with that country increased from about \$220 million in 1965 to about \$3,000 million in 1973 (the Republic of Korea is Japan's fifth largest trading partner), and Japanese investments there have sharply increased in recent years. This kind of economic exchange on a private basis contributes to the economic development of both countries. Besides, Japan has provided the Republic of Korea with economic aid on a government basis in order to assist in the well-balanced development of its economy and improve the welfare of its people, and this aid has achieved considerable results.

In addition to exchange in the economic field, the two countries have promoted mutual understanding and friendly and

good neighborly relations through the exchange of opinions at the government level, in such forums as regular ministerial conferences, trade conferences and the joint committee on fisheries, and also through exchanges in sports, science and other areas at the private level.

This does not mean, however, that such close relations between Japan and the Republic of Korea have been without problems. In August 1973, Mr. Kim Dae Jung, a former candidate for the presidency of the Republic of Korea, was abducted from Japan, arousing great concern among the Japanese people. The Government tried to settle this case in a way acceptable to all at home and abroad and handled it by taking the standpoint that it attaches importance to Mr. Kim's human rights, and the case as a diplomatic problem came to an end in November. It should be noted that the direction that Japan-Republic of Korea relations should take was discussed from various angles with this case as a turning point. Although some of the views expressed lacked a proper understanding of the facts, it did appear that mutual understanding between the two nations was not necessarily adequate and the important need to deepen their mutual understanding in the future was confirmed on the occasion of the Japan-Republic of Korea ministerial conference in December.

Japan has no diplomatic relations with North Korea and it does not intend to open diplomatic relations with that country at present. A rapid shift in Japan's policy toward North Korea will exert considerable influence on the delicate relations between North and South Korea, and Japan needs to watch the international situation carefully as to how North-South relations develop in the future and also whether socialist countries will enter into exchanges with the Republic of Korea. However, Japan's exchange with North Korea in the cultural, sports and economic fields has increased considerably in recent years (Japan's two-way trade with North Korea in 1973 was about \$170 million), and Japan intends to expand these kinds of interchange.

(3) China

(A) Improvement of the Basis of Diplomacy

In unfolding its new diplomacy toward China following the normalization of Japan-China relations in September 1972, Japan began by opening diplomatic channels between the two countries. In accordance with Paragraph 4 of the Japan-China joint statement which provided for the establishment of embassies in each other's capital and the exchange of ambassadors as early as possible, Japan opened its embassy in Peking on January 11 and dispatched Ambassador Heishiro Ogawa to the Peking embassy late in March.

Japan endeavored to reinforce the functions of the embassy, and the number of its staff members as of December 1973 exceeded 30.

(B) Promotion of the Conclusion of Various Working Agreements

Since the normalization of bilateral relations, Japan has done its best to promote the exchange of personnel and goods and to conclude working agreements on trade, shipping, civil aviation, fisheries, etc., which form the basis for various kinds of working relations between Japan and China. As the initial move, Foreign Minister Ohira and Foreign Minister Chi of China signed a trade agreement in Peking on January 5, 1974. This paved the way for conducting trade between Japan and China on a long-term and stable basis.

As for a bilateral civil aviation agreement, Japanese Government delegations visited China twice—in March and April—and conducted preliminary negotiations. Later, talks on the question were held with the Chinese Government through the Japanese Embassy in Peking. On the occasion of his visit to China in January 1974, Foreign Minister Ohira discussed with Chinese leaders additional matters related to a civil aviation agreement.

As for shipping, Japan and China exchanged gists of a shipping agreement draft. As regards the conclusion of a fisheries agreement, a meeting of Japanese and Chinese fishery experts was held in Peking late in June, and the participants held talks preliminary to negotiations toward an agreement on

such matters as fishery resources in the East China Sea and the Yellow Sea.

(C) Promotion of Various Forms of Exchange

Japan has positively promoted the exchange of personnel and goods, both official and private, in many fields and has held various exhibitions from the view that the promotion of mutual understanding is indispensable for the promotion of friendly relations between Japan and China. It intends to promote exchange between the two countries as extensively as possible in order to develop Japan-China relations further through the deepening of mutual understanding.

(4) Indochina

The following events merit special mention among Japan's diplomatic activities with respect to Indochina in 1973.

(A) Establishment of Diplomatic Relations with North Vietnam

Japan established diplomatic relations with the Democratic Republic of Vietnam (North Vietnam) on September 21, 1973. It expects that the promotion of bilateral relations with that country will contribute to the peace and stability of Indochina and considers that it is desirable to establish embassies in each other's capital. However, Japan was still unable to open its embassy in North Vietnam as of the end of March 1974 because no reply had been received from the North Vietnam Government concerning the acceptance of Japanese embassy staff members, although Japan had completed the necessary domestic measures in this connection. (The Japanese Embassy in Laos is handling matters related to North Vietnam.)

(B) Emergency Aid for Indochina

Japan had expressed at home and abroad its intention of offering suitable aid for the postwar reconstruction and development of Indochina upon the restoration of peace there. Following the conclusion of the Vietnam peace agreement on January 27, 1973, and the Laos peace agreement on February 21, 1973, Japan set aside ¥10,800 million as emergency grant assistance for Indochina in the supplementary budget for fiscal 1973 (which was approved on December 14, 1973) and decided to

carry out the plan. Late in March 1974, it concluded agreements to provide South Vietnam with ¥5,000 million and Laos with ¥800 million in emergency grant assistance. (In addition, Japan supplied aid in commodities worth about ¥8,200 million to the Republic of Vietnam late in March 1974.)

(C) Humanitarian Aid through the International Red Cross

Japan made cash contributions of ¥500 million each in March and October 1973 toward the Indochina Operational Group (IOG) of the International Red Cross, whose object is to effectively carry out relief measures for the refugees and other victims of the war in Indochina. The IOG is engaged in relief activities for all of Indochina from a humanitarian point of view.

(5) Indian Subcontinent

Relations between Japan and the countries in the Indian subcontinent have developed smoothly on the basis of progress in their economic relations and also in economic and technical cooperation.

Japan has been extending cooperation as much as possible to that area, hoping to help promote stability and development. Although relations among the countries of Southwest Asia are complicated, centering on the confrontation between India and Pakistan, Japan desires to maintain and promote friendly relations with all countries in that area.

Thus, from the standpoint mentioned above, Japan made the following diplomatic efforts in 1973 to promote friendship and goodwill with the countries of Southwest Asia:

(A) In its relations with India, Japan invited Foreign Minister Swaran Singh as a Government guest in January and discussed ways to promote Japan-India relations. In May, the two countries held their eighth regular consultation at the working level in Tokyo. Japan promised to offer India about ¥7,000 million in aid in commodities and about ¥11,000 million in aid in projects in fiscal 1973, and also agreed to defer the repayment of yen credits (official development loan) totaling about ¥15,000 million.

(B) As for relations between Japan and Pakistan, the two countries held their third consultative meeting at the administrative level in Islamabad in November 1973. Japan donated to Pakistan, through the Japanese Red Cross Society, relief goods worth ¥100 million in aid for victims of floods in Pakistan in August. In December, Japan agreed to defer the repayment of yen credits (official development loan) totaling about ¥6,400 million, and opened consultations on its 11th yen credit to Pakistan.

(C) In its relations with Bangladesh, Japan invited Prime Minister Sheikh Mujibur Rahman to Japan as a Government guest in October and discussed with him ways to promote relations between the two countries. In January 1974, Japan sent a Government economic mission led by Shigeo Nagano, president of the Japan Chamber of Commerce and Industry, to Bangladesh. In fiscal 1973, Japan exported to Bangladesh 90,000 tons of rice (worth about ¥5,200 million) on a deferred payment basis and promised to give a ¥9,000 million yen credit (commodity loan) on the most concessionary terms ever granted by Japan.

(D) Japan welcomed the conclusion in August 1973 of the Delhi agreement between India and Pakistan on the mutual repatriation of prisoners of war, etc., (Bangladesh also agreed), and contributed US\$1 million to the U.N. High Commissioner for Refugees to help the mutual repatriation of Pakistani and Bangladesh refugees under the agreement.

(E) In its relations with Sri Lanka, Japan promised its eighth yen credit (official development loan) totaling ¥3,500 million and made a grant of ¥95 million in KR food aid and for the purchase of a training fishing boat.

(6) Oceania

Oceania consists of advanced countries (Australia and New Zealand) and developing island countries (Fiji, West Samoa, Tonga and Nauru). Japan has been trying to promote broad relations of friendship and cooperation with that area because it occupies, as part of Asia and the Pacific area, an important position with respect to Japan in economic, political and other

fields.

For Australia and New Zealand, 1973 was the first year under their labor governments, and their relations with Japan were further strengthened partly because these two countries positively carried out measures that attached importance to Asia.

In May, Their Imperial Highnesses the Crown Prince and Crown Princess visited Australia and New Zealand, thereby promoting Japan's relations of friendship and goodwill with these countries. In October, Prime Minister E. Gough Whitlam of Australia visited Japan as a Government guest and held talks with leaders here. The two countries held their second ministerial committee meeting in Tokyo with the participation of four Australian Cabinet ministers who accompanied Prime Minister Whitlam. As a result of the talks between Prime Minister Whitlam and Prime Minister Tanaka, the two countries agreed to open negotiations for the conclusion of a comprehensive treaty to establish basic principles governing their bilateral relations.

In 1973, Japan accredited its ambassador in New Zealand as ambassador to West Samoa and Tonga (concurrently serving as ambassador to New Zealand), thereby completing the establishment of its embassies (including concurrent embassies) in all the independent countries in Oceania, including the four island nations.

In Oceania, the future moves of Papua New Guinea, which achieved self-government under Australian administration on December 1, 1973, deserve attention. It is expected that Papua New Guinea will become independent even as early as December 1974, and its Government has hopes for economic cooperation with Japan and for strengthening bilateral relations. Japan has been trying to promote relations of friendship and cooperation with this area, and invited First Minister Michael Thomas Somare to Japan in February 1973.

2. Middle East and Africa

The fourth Middle East war in October 1973 created major concern in the world, and it produced various effects on Japan's relations with the countries in this area. It can be said that the fourth Middle East war stemmed from the fact that the dispute in the area since the end of the third Middle East war in 1967 had not been settled despite various peacemaking attempts over a six-year period, including the adoption of the U.N. Security Council Resolution 242, mediatory efforts made by special representative Jarring, conferences of the foreign ministers of the four major powers and the Rogers proposal.

Following the third Middle East war in 1967, Japan exerted itself as chairman of the U.N. Security Council in October of that year to have Security Council Resolution 242 adopted. From 1971 onward, Japan has earnestly sought a fair, permanent and prompt settlement of the Middle East dispute and in advance of the Western countries has positively supported in the U.N. General Assembly each year resolutions calling for recognizing the equality and the right of self-government for the Palestinians. When the fourth Middle East war broke out, Japan expressed its hope, in a series of Government statements, for an end to the war as soon as possible and made clear at home and abroad the position of the Japanese Government on the dispute. In particular, the Chief Cabinet Secretary's statement of November 22 made the following four points clear as principles to be observed for a settlement of the Middle East war, including Japan's interpretation of Security Council Resolution 242, in view of the fact that a lack of consistency among the nations in interpretation of the Resolution had been an obstacle to the enforcement of the Resolution in its entirety:

(i) The acquisition and occupation of territories by force of arms should not be tolerated.

(ii) The withdrawal of Israeli forces from all the territories occupied in the 1967 war.

(iii) The territorial integrity and security of all countries in that area must be respected and measures should be

taken to assure that these conditions are met.

(iv) In bringing about a fair and lasting peace in the Middle East, the Palestinians' legitimate rights under the U.N. Charter should be recognized and respected.

Japan thus reconfirmed its attitude toward the Middle East dispute and sent Deputy Prime Minister Takeo Miki as special Government envoy in December and former Foreign Minister Zentaro Kosaka as ambassador extraordinary in January through February 1974 to a total of 16 countries in the Near and Middle East. The two special envoys were dispatched to explain Japan's position on the Middle East dispute to the leaders of the various countries and obtain their understanding, as well as to study thoroughly the situation in these countries, in order to seek ways to contribute to a settlement of the Middle East dispute and consolidate Japan's relations of friendship and goodwill with them from a long-range point of view.

While doing its part as a member of the international community hoping for peace in the Middle East, Japan urged the United States, the Soviet Union and the United Nations, which were in a position to exert great influence on peacemaking in the Middle East, to make positive efforts for peace. Immediately after his return home from his tour of eight Middle East countries, special envoy Miki visited the United States and the United Nations and asked them once again for mediatory efforts for peace.

Mutual visits by highly placed persons from Japan and these countries became even more active around the time of the visits made by special envoys Miki and Kosaka. Syrian Foreign Minister Abdul Halim Khaddam and Director General of Abu Dhabi Executive Council Dr. Adnan Pachachi as representative of the Minister for Foreign Affairs of the United Arab Emirates visited Japan in December 1973 under a decision made at an Arab summit meeting, followed in January 1974 by an OAPEC mission consisting of Algerian Industry and Energy Minister Belaid Abdessalam and Saudi Arabian Minister of Petroleum Shaikh Ahmad Zaki Yamani. In February, Deputy Prime Minister Dr. Mohammad Abdel-Kader Hatem of Egypt visited Japan. These visitors exchanged views with Japanese

leaders. Along with such exchange of visits exchange in the cultural field and cooperation in the economic and technical fields also made steady progress.

Japan is scheduled to establish embassies in the United Arab Emirates and the Kingdom of Jordan in 1974 in addition to its 15 missions already existing in the Middle East region. In and after 1973, the embassies of Qatar, Morocco, Sudan, the United Arab Emirates and Jordan were established in Tokyo.

Diplomatic relations between the Middle East countries and Japan are proceeding in the direction of being strengthened further as global attention is being increasingly focused on the Middle East area.

Turning to Africa (south of the Sahara Desert), we note the remarkably increased role being taken by African countries in international society. Their activities at various international conferences and over resources and other problems in recent years have been spectacular, and the Japanese interest in Africa has greatly increased as a result. The expectations of the African countries toward Japan have also increased remarkably as its international stature has risen and its economic power increased. With this situation as the background, Japan has further stepped up its diplomacy toward Africa, and its relations with the African countries have rapidly expanded as a whole.

One of the most important political problems in Africa is the so-called southern African problem over racial discrimination and colonialism. Concerning this problem, Japan has made clear its basic attitude of opposing all forms of racial discrimination and colonialism, and has expressed its stand in the United Nations and other forums and endeavored to take the necessary measures in accordance with the purport of various U.N. resolutions concerned.

Economic and social development is the greatest problem facing the African countries at present and is one of the problems that requires a prompt solution. Fully understanding this point, Japan has been trying to strengthen its economic cooperation with Africa. As a result, its economic cooperation

with the African countries has increased much further. In 1973 and early in 1974, Japan made arrangements with the African countries to extend yen credits totaling about ¥60,000 million. It also extended emergency relief from a humanitarian point of view for the drought-stricken people of the Sahara and Ethiopia.

Trade with Africa has also sharply increased. It is widely realized that the economies of Japan and Africa are supplementary and interdependent, and it is expected that trade will continue to grow.

The most effective way to promote Japan's relations with the African countries is to expand and strengthen diplomatic channels, and to this end, Japan established its embassies in Liberia in January 1973 and in Central Africa in January 1974. Uganda established its embassy in Tokyo in December 1973.

Mutual understanding with the African countries through the exchange of personnel is also indispensable for strengthening Japan's relations with them, and African leaders visited Japan in rapid succession in 1973. Many cabinet ministers, such as Foreign Minister Didier Ratsiraka of Madagascar, Foreign Minister Nguza Karl I Bond of Zaire and Finance Minister Stephen Tolbert of Liberia visited Japan, in addition to Prime Minister Seewoosagur Ramgoolam of Mauritius. These visits contributed to deepening their understanding of this country.

3. The Americas

(1) The United States

(A) Japan-U.S. Relations in General

The basis of Japan's diplomacy is the maintenance of closer relations with the United States than with any other country in all fields including politics, the economy, culture and science.

There are no major problems pending between Japan and the United States since the settlement of such problems as the reversion of Okinawa and the trade imbalance between the two countries. Japan-U.S. relations have now developed into a

mature state in which both countries try not only to cope with bilateral issues but also to seek their common tasks and roles concerning a wide range of international problems, such as energy and resources, the new round of the Multilateral Trade Negotiations, the international monetary system and assistance toward the developing countries, from the standpoint of "Japan-U.S. relations in a global perspective." The leaders of both countries confirmed on the occasion of the Prime Minister's visit to the United States in the summer of 1973 that their relations had entered a new stage of development.

Japan has been holding close consultations with the United States and Western Europe concerning Dr. Kissinger's concept calling for a declaration of the guiding principles for friendly relations among the industrialized democracies, such as Japan, the United States and Western Europe, for the next five or ten years, bearing in mind the future cooperation among Japan, the United States and the West European countries which share common value concepts, political ideals and social systems, and have common political and economic problems.

There is an understanding between Japan and the United States that, in order to achieve their common goal of stabilizing the international order, they sometimes might choose different paths. It is against this background that the normalization of relations between Japan and China was realized in September 1972. On the Middle East dispute, Japan and the United States had the understanding, through talks on the occasion of Secretary of State Kissinger's visit to Japan in November 1973, that, while the two countries had the common objective of realizing peace in the Middle East at an early date, they might possibly take different approaches because their positions differed. It is important for Japan to further strengthen "Japan-U.S. relations in a global perspective" with the broadened and deepened dialogue between the two countries as the background.

(B) Outline of Japan-U.S. Economic Relations

(a) The first change in the basic trend in Japan-U.S. economic relations in 1973 was the great improvement in the trade imbalance between the two countries.

The trade imbalance in Japan-U.S. trade showed a great improvement in 1973, and the deficit of the United States decreased from \$4,100 million (U.S. Department of Commerce figures) in 1972 to \$1,330 million in 1973. This means that the trade imbalance improved by \$2,770 million in 1973.

Although Japan registered a surplus of slightly more than \$1,300 million in its trade with the United States in 1973, the discontent with and criticism of Japan in the United States gradually weakened, partly because the United States' global trade balance rapidly improved in 1973. (Its trade balance showed a deficit of \$6,400 million in 1972, but registered a surplus of \$680 million in 1973.)

(b) In the field of capital transactions, Japanese investments in the United States sharply increased in 1972 through the first half of 1973 for such reasons as (i) a sharp increase in Japan's foreign exchange reserves, (ii) the yen's increased purchasing power in buying assets in the United States as a result of the upward revaluation of the yen and its shift to the floating rate system and (iii) the reduced margin of wage differentials between the two countries due to the improved level of wages in Japan. The total amount of approved direct Japanese investments in the United States as of the end of 1973 was about \$1,900 million compared with about \$1,100 million as of the end of 1972. Investments in commerce and the insurance business had accounted for the greater part of all Japanese investments in the United States before, but investments in manufacturing industries also showed a tendency to increase in 1973.

(c) The biggest outstanding question in the first half of 1973 was the emergence of moves in the United States to restrict exports of raw materials and foodstuffs against the background of global scarcities of these goods. (U.S. export restrictions on soybeans and other farm produce, and Japanese import restrictions on lumber and scrap iron from the United States imposed at the request of the U.S. Government.) As a result, how to secure stable supplies of these items became a major problem for Japan which depends on the United States for many important raw materials and foodstuffs. This problem was dis-

cussed in such forums as the Joint Japan-U.S. Committee on Trade and Economic Affairs, and both countries agreed to cooperate to assure stable supplies of these goods to Japan.

(d) In 1973, there was the awakening of a clear recognition in both Japan and the United States that it was necessary to view their bilateral economic relations in the light of their impact on the world economy. Their cooperative efforts made in connection with the start of the Multilateral Trade Negotiations and also discussions on international monetary system reform are examples of such an awareness.

(e) The oil crisis arising from the fourth Middle East war is expected to affect the Japan-U.S. economic relationship in many ways, but the question of how and in what form was left over until 1974.

(2) Canada

(A) Japan-Canada Relations in General

Relations between Japan and Canada have become closer in recent years centering on the economic and trade fields, and their relations have been very friendly. In Canada, there has been a growing tendency to attach importance to the promotion of its relations with the Asia-Pacific region in carrying out a multipolarization of its diplomacy, and it is necessary for Japan and Canada to endeavor to broaden exchange beyond the limits of the economic and trade fields.

Based on this recognition, Japan and Canada intend to seriously consider the possibility of expanding cooperation in many fields, and it is expected that substantial achievements will be made through such forums as meetings of the Japan-Canada Ministerial Committee.

(B) Outline of Japan-Canada Economic Relations

Economic relations between Japan and Canada in 1973 generally developed smoothly centering on trade, and the two-way exchange between them reached \$3,000 million. Canada remained Japan's third largest trading partner, while Japan in 1973 replaced Britain as Canada's second largest trading partner after the United States as their bilateral trade ex-

panded.

Efforts were continued actively throughout 1973 for closer exchange between Japan and Canada, and leaders of the provinces of Ontario, Manitoba and Alberta visited Japan. In November, a Japanese administrative-level delegation visited Canada to discuss ways for scientific and technical cooperation between Japan and Canada, in the wake of a visit to Japan by a Canadian scientific and technical mission led by Minister of Science and Technology Alastair W. Gillespie in 1972.

Direct Japanese investments in manufacturing industries in Canada and Japanese tourists visiting Canada have increased in recent years, and it is expected that exchange between the two countries will be broadened and carried out more actively.

(3) Central and South America

Relations between Japan and the countries of Central and South America have developed smoothly centering on trade and economic relations, and these countries have come to show greater interest in and to place greater expectations on Japan with the growth of the Japanese economy in recent years. For instance, many Cabinet ministers and missions from the region, including Finance Minister Rodrigo Llorente of Colombia, a Mexican Congressional mission, Foreign Minister Mauricio Alfredo Borgonovo Pohl of El Salvador and Minister of Commerce and Industry Marcus Vinicius Pratini Moraes of Brazil, visited Japan and exchanged opinions with Japanese political and business leaders on many subjects centering on bilateral economic cooperation.

Political relations between Japan and the Central and South American countries have been very good. About 800,000 Japanese citizens and descendents live there, and the importance of these countries to Japan continues to increase as stable suppliers of industrial raw materials, foodstuffs, etc., and as trading and investment partners. In 1973, many Japanese missions visited the region. The importance to Japan of Central and South America, which has many undeveloped resources, increased further in 1973 as the problem of resources and energy became more serious throughout the world, and Japan's partic-

ipation in large-scale projects on a private basis aimed at the joint development of resources centering on Brazil materialized in rapid succession. Private Japanese investments in Central and South America have continued to increase sharply since 1972, mainly in Brazil, Mexico and Peru, and their total amount as of 1973 was \$1,600 million.

At the governmental level, Japan held regular consultations in 1973 aimed at exchanging opinions on various economic problems with Brazil and Mexico. There were diplomatic efforts such as negotiations with the Brazilian Government for the conclusion of a fisheries agreement to secure the right of Japanese fishing boats to operate in fishing grounds off Brazil from where they were shut out as a result of the enactment of a law on 200-nautical mile territorial waters. In the field of economic and technical cooperation, Japan extended a ¥4,300 million official development loan to Costa Rica in September 1973 for the construction of Caldera Port, and also extended through the Export-Import Bank of Japan a ¥400 million loan to the Central American Economic Integration Bank in the same year for the construction of a Central American microwave communications network. As for technical cooperation, Japan dispatched 120 experts and accepted 311 foreign trainees. In connection with the Chilean Government's request to its creditor nations made in January 1973 for the relief of debts for reasons of its foreign exchange crisis, Japan participated in the Paris conference of creditor nations and agreed, together with other creditor nations, to a second credit relief for Chile.

It is considered that Japan's relations with the Central and South American countries will become even closer with economic relations as the axis. It is necessary for Japan, whose relations with these countries tend to concentrate in the economic field centering on Brazil, Mexico and Peru where private Japanese investments are concentrated, to broaden its relations with all Central and South American nations as much as possible. For example, the number of Japanese businesses operating in Brazil sharply increased during 1973 from about 100 to more than 300. It is hoped that the economic advance of private Japanese enterprises, such as business operations in these countries, will pay

due consideration to their possible effects on the host countries and that Japan will further strengthen its economic and technical cooperation with these countries at the governmental level and further promote cultural exchange in line with the realities of the development of Central and South America.

4. Western Europe

(1) Present Condition and Problems of Japan-Europe Relations

There was an active exchange of visits by government leaders at the top level between Japan and West European countries in 1973, including Prime Minister Tanaka's visit to France, Britain and the Federal Republic of Germany (September 26-October 7), Foreign Minister Ohira's visit to Europe (April 26-May 6) and Italian Prime Minister Giulio Andreotti's visit to Japan (April 23-27). In addition, concrete cooperation in many fields, including economic, scientific, technical and cultural exchange, was promoted, and 1973 was an epochal year for Japan's diplomacy vis-a-vis Western Europe.

Various factors contributed to the development of close relations between Japan and the countries of Western Europe. First, the international importance of Japan and Europe in the political field became recognized as a result of their remarkable economic growth in recent years and, their interests in the international political and economic fields became closely inter-related as a result. Second, Japan and the West European countries as advanced industrial nations are faced with many common problems, such as resources and the environment, and the possibilities for mutual cooperation have increased. It has also become very important for Japan and Europe to promote mutual understanding and adjust their views in forums of multilateral consultation on the monetary problem, trade, resources and aid for the developing countries.

Thus, Japan and the West European countries have various common interests, and there are possibilities for extensive and concrete cooperation. Therefore, there is greater need to estab-

lish a new partnership suited to the needs of the diversified and complicated international community, instead of being contented with their traditionally friendly relations. The extensive exchanges between Japan and Europe in 1973 reflected the intentions of both sides to strengthen their cooperation, and it can be said that this growing interchange has greatly contributed to the expansion of the base of Japan's diplomacy.

However, relations between Japan and Europe at present are not yet fully satisfactory, and it is necessary to solve many problems hereafter. Some of the major problems include, first, the development of closer economic relations. The economic exchange between Japan and Europe, both in trade and capital, is not necessarily sufficient when weighed against the economic strength of both sides, and it is considered that there is room for further expansion. The deficits in many West European countries' trade with Japan, a sharp increase in exports of certain Japanese products to Europe and various obstacles facing European enterprises planning to do business in Japan are regarded as possible factors that could obstruct the promotion of economic exchange between Japan and Europe. It is hoped, therefore, that these problems will be solved amicably in order to develop economic relations between Japan and Europe in the form of an equilibrium at an expanded level. It is also considered that the promotion of cooperation in many fields, such as scientific and technical cooperation, cooperation on energy and development cooperation in third countries, and the strengthening of cooperative relations in concrete ways, will contribute not only to the interests of Japan and Western Europe but also to the prosperity and stability of the international community.

Second, there is the strengthening of the Japan-Europe dialogue in the political field. It is hoped that the dialogue between Japan and Europe in the political field will be strengthened in view of the fact that the EC now aims at political integration, although there may be complications facing the plan; that Japan and Western Europe, together with the United States, are important members of the free world, and that both Japan and Europe will be able to contribute in no small way to the stability and prosperity of the Middle East, Africa

and Asia.

Third, the promotion of cultural exchange. Cooperation between Japan and Europe in the political and economic fields must be based on a deep understanding of each other's culture, national traits, traditions, etc., and it can be said that further expansion of cultural exchange is indispensable. It is expected that the funds for studies on Japan presented to the three countries on the occasion of Prime Minister Tanaka's visit to Europe will contribute considerably to cultural exchange between Japan and Europe.

5. The Soviet Union and Eastern Europe

(1) The Soviet Union

(A) Japan's relations with the Soviet Union have developed in the political, economic, cultural, personnel exchange and many other fields since the resumption of diplomatic relations in 1956. In particular, their economic relations have developed smoothly as evidenced by the fact that two-way Japan-Soviet trade in 1973 totaled \$1,562 million (on a customs clearance basis). (Japan, together with the Federal Republic of Germany and the United States, is one of the Soviet Union's largest Western trading partners.) In the field of economic cooperation, the parties concerned in both countries are discussing large-scale projects concerning natural gas, petroleum, coking coal, etc., in addition to Siberian development projects (three, including the development of forest resources in the Far East) which have already been started. If the talks are successfully concluded in a form satisfactory to both sides, it will provide a long-range outlook for the economies of Japan and the Soviet Union.

However, the biggest pending issue between Japan and the Soviet Union, namely, a settlement of the northern territorial issue and the conclusion of a peace treaty, remains unsettled. There are other pending problems, including the question of safe fishing operations by Japanese fishing boats in waters around the northern territories (Ed. Note), visits by

Japanese to the graves of their relatives in the northern territories, Sakhalin and the mainland of the Soviet Union and also the question of realizing the repatriation of Japanese still living there since World War II.

Ed. Note. The phrase "northern territories" on this and following pages refers to the islands of Etorofu, Kunashiri, Shikotan and the Habomai island group which are located off the northeastern tip of Hokkaido and are inherent Japanese territories. They have been occupied by the Soviet Union since the end of World War II.

(B) Prime Minister Tanaka visited the Soviet Union in October to hold frank talks with the top leaders of the Soviet Union on the northern territorial issue and other problems pending between Japan and the Soviet Union, with a view to laying the foundation for truly good neighborly and friendly relations between the two countries.

Chapter 3, Section 1, refers to the northern territorial issue as part of the pending problems taken up on the occasion of the Prime Minister's visit to the Soviet Union. The outcome of his talks with the Soviet Union on the other pending problems is as follows:

(a) Fisheries

The Prime Minister stressed "the need for long-term stabilization of fisheries in the northern Pacific, including the question of setting annual salmon and trout fishing quotas spread over two or more years" from the standpoint that it was undesirable for Japan and the Soviet Union to hold bitter negotiations over annual salmon and trout fishing quotas, etc., each year. As a result, both countries agreed to hold consultations on this problem between the Cabinet ministers concerned of both countries, as mentioned in the Japan-Soviet joint statement.

(b) Safe Fishing Operations

In order to prevent the "seizure" of Japanese fishing boats in water around the northern territories, the Prime Minister urged the Soviet Union to take remedial action, as a provisional measure until the conclusion of a peace treaty, from a humanitarian point of view to avert such unhappy events. As a result, agreement was reached to continue negotiations toward a settle-

ment of this problem.

(c) Visits to Graves and Non-repatriated Japanese

The Prime Minister called upon the Soviet Union to take appropriate action from a humanitarian point of view to permit visits by Japanese to the graves of their relatives in the northern territories, Sakhalin and the mainland of the Soviet Union and also to allow the repatriation of Japanese not yet repatriated from the Soviet Union.

The Soviet Union promised to study the matter with due consideration and this was specified in the Japan-Soviet joint statement.

(d) Economic Cooperation

The Japan-Soviet summit talks agreed on the following points by taking into consideration the fact that the parties concerned in Japan and the Soviet Union were discussing five projects, namely, petroleum in Tyumen, natural gas in Yakutia, coking coal in southern Yakutia, prospecting for petroleum and natural gas on the continental shelf of Sakhalin and the second forest resources development project in the Far East, as large-scale plans utilizing economic cooperation between Japan and the Soviet Union. (i) It is desirable to carry out bilateral economic cooperation in as many fields as possible based on the principle of reciprocity and equality. (ii) Especially, their cooperation should be promoted in the joint development of natural resources in Siberia and also in such fields as trade, transportation, agriculture and fisheries. (iii) In carrying out such economic cooperation, the governments of both countries will promote the conclusion and smooth and timely execution of contracts between the parties concerned in both countries (private parties in the case of Japan). (iv) Inter-governmental consultations should be held in connection with the execution of contracts. (v) Japan-Soviet economic cooperation in Siberian development will not exclude participation by a third country.

(e) Conclusion of Various Agreements

The following agreements were signed on the occasion of the Prime Minister's visit to the Soviet Union:

(i) Treaty concerning the Protection of Migratory Birds and Birds on the Verge of Extinction and of Their Living En-

vironment.

This treaty mainly provides for a ban on catching birds that migrate between the two countries (287 species), restrictions on the import and export of birds on the verge of extinction, and cooperation in the exchange of information on the protection of such birds and their living environment.

(ii) Agreement concerning Scientific and Technical Cooperation.

This agreement provides for the exchange of scientists and technical experts, the holding of conferences and symposiums, the exchange of scientific and technical information, the execution of joint studies and the establishment of a Japan-Soviet Scientific and Technical Cooperation Committee for the enforcement of this agreement.

(iii) Agreement concerning the Exchange of Scholars and Researchers, Agreement concerning the Exchange of Official Publications, and Agreement concerning the Distribution of Government Publicity Materials.

These agreements stipulate the details for the smooth execution of the Japan-Soviet agreement concerning cultural exchange, which was concluded in January 1972.

(C) The agreements concluded on the occasion of Prime Minister Tanaka's visit to the Soviet Union are of very great significance for the future development of Japan-Soviet relations, as mentioned earlier. How to implement these agreements is an important diplomatic task for future relations between Japan and the Soviet Union.

Agriculture and Forestry Minister Yoshio Sakurauchi's visit to the Soviet Union from October 19 through 27 was the first round of Japan-Soviet negotiations under the agreement reached on the occasion of the Prime Minister's visit to the Soviet Union. Agriculture and Forestry Minister Sakurauchi negotiated with Fisheries Minister Aleksandr Akimovich Ishkov the question of safe fishing operations and long-term stabilization of fisheries in the northern Pacific. As a result, the two sides agreed in principle to decide the estimated fish catch quota for the following year at the same time as the salmon and trout catch quota for the current year, as well as to conclude separate two-

year agreements on crabs and *tsubu* shellfish. It was agreed to work out concrete details through separate talks between experts. However, no final agreement was reached on the question of safe fishing operations, and it was decided to continue negotiations.

Chairman Mikhail Sergeevich Solomentsev of the Council of Ministers of the Russian Republic (a candidate member of the Politburo of the Central Committee of the Soviet Communist Party) visited Japan from December 20 through 29 to attend the opening ceremony of the Great Siberian Fair. On the occasion of his talks with Foreign Minister Masayoshi Ohira and Chief Cabinet Secretary Susumu Nikaido, the two sides agreed that it was obligatory for both Japan and the Soviet Union to carry out in good faith the matters agreed upon at the Japan-Soviet summit talks.

(2) Eastern Europe

Although the political, economic and social systems of Japan are different from those of the countries of Eastern Europe, Japan has been trying to maintain and promote friendly relations with these countries from the basic standpoint of expanding the foundation of its diplomacy and promoting multilateral international relations.

On the other hand, the East European countries have deepened their understanding of Japan's rapid economic development in recent years, and have come to show a positive attitude toward the promotion of closer trade and economic relations with Japan with the progress of "detente" between the East and West in Europe. Reflecting this situation, trade between Japan and the East European countries has increased year by year, with the volume of their trade reaching \$560 million in 1973 (an increase of about 50 per cent over the preceding year).

The exchange of visits between Japan and these countries has also become active. Especially, Foreign Minister Ohira's visit to Yugoslavia (April 29-May 1) was an event that deserves special mention in that it was the first visit to that country by a Foreign Minister of Japan. In turn, Foreign Minister

Janos Peter of Hungary (April 6-11) and Foreign Minister Bohuslav Chnoupek of Czechoslovakia (November 15-21) visited Japan at the invitation of the Japanese Government, thereby playing a big role in promoting friendly relations between Japan and these countries. (Notes concerning the promotion of cultural exchange were exchanged on the occasion of Foreign Minister Peter's visit.)

Japan established diplomatic relations with the German Democratic Republic on May 15, 1973. The two countries established their respective embassies in Tokyo and Berlin in October of the same year.

Despite the geographical distance and the difference in their systems, Japan and the East European countries have come to show greater mutual interest as already mentioned, and it is believed that there is a possibility of further progress in their relations, centering on economic relations. Moreover, reflecting the rapid industrialization and the rising standard of living in Eastern Europe and also the resultant active demand for technology and capital on the one hand, and the need for a shift in Japan's industrial structure on the other, there are signs of a shift from simple trade in commodities to industrial cooperation including joint ventures, a more advanced form of economic relationship. It is considered that the progress of such close economic relations will be influenced by developments in the political situation in the East and West, while such relations in themselves can serve as a great factor in interdependence between the East and the West.

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