HOKKAIDO UNIVERSITY

Title	East-West Trade and Japanese-Yugoslav Relations during the Cold War
Author(s)	Glišić, Jelena
Citation	Acta Slavica Iaponica, 37, 119-133
Issue Date	2016
DOI	https://doi.org/10.14943/ASI.37.119
Doc URL	https://hdl.handle.net/2115/84086
Type	departmental bulletin paper
File Information	37_06_pp.119-133.pdf

Hokkaido University Collection of Scholarly and Academic Papers : HUSCAP

Acta Slavica Iaponica, Tomus 37, pp. 119–133

East-West Trade and Japanese-Yugoslav Relations during the Cold War

Jelena Glišić

Introduction

Japan's efforts to improve trade with communist countries of Eastern Europe during the Cold War may seem odd, since generally neither superpower encouraged trade between the East and the West. However, during this period of East-West confrontations in all spheres, trade included, Japan developed trade relations with the Eastern European communist countries, while pursuing her national interests.[1]

This research note discusses Japanese-Yugoslav trade relations during the Cold War, and compares them with Japan's trade relations with the other communist countries of Eastern Europe, setting them in the broader context of East-West relations. This research begins by briefly describing the system of trade within East-West relations. It then looks into Yugoslavia's and Japan's respective positions within that environment. Following that, the article examines Japanese-Yugoslav trade relations with particular regard to the three main events in their bilateral relations—conclusion of the Trade and Maritime Agreement in 1959, Yugoslav President Josip Broz Tito's visit to Japan in 1968, and establishment of a mixed-trade committee in 1972. It also discusses private-sector trade relations and a triangular type of trade.

In order to answer two research questions, what was the volume of trade between Japan and Yugoslavia during the Cold War, and how important was trade for their bilateral relations, this paper implements the analysis of the White Papers from the Japanese Ministry of International Trade and Industry (MITI),[2] as well as the documents from the Japanese Diplomatic Archives (JDA) and Yugoslav Diplomatic Archives (YDA).

This research attempts to contribute to the better understanding of Japanese-Yugoslav diplomatic relations, with a particular regard to the trade dimension of the relationship. There have been only few works about Japan's trade relations with Eastern European countries during the Cold War,[3] and

1 The term "Eastern European communist countries" in this article refers to the USSR, her satellites (Bulgaria, Czechoslovakia, the German Democratic Republic, Hungary, Poland, and Romania), Albania, and Yugoslavia.

2 Currently, the Ministry of Economy, Trade and Industry (METI).

3 See Yataro Terada, "The System of Trade between Japan and the East European Countries, Including the Soviet Union," *Law and Contemporary Problems* (1972), pp. 429−447; Jan Stankovsky and Michel Vale, "Japan's Economic Relations with the USSR and Eastern Europe," *Soviet and Eastern European Foreign Trade* (1976), pp. 58−107.

there have not been any works about Japanese-Yugoslav relations. By investigating this particular relationship, this research aims to provide a better insight not only into Japanese and Yugoslav diplomatic histories, but also to shed light on the relationship between ideology and pragmatism in Japanese foreign policy.

East-West Trade

Power and ideological competition between two superpowers created a divided international environment. In spite of the political confrontations, both superpowers and their respective allies needed to cooperate on an economic level in order to survive. Trade relations between the blocs mostly depended on the current state of relations between the United States and the Soviet Union.

The Eastern bloc was composed of socialist states, who were members of the Warsaw Pact and The Council for Mutual Economic Assistance (COMECON), led by the USSR. The socialist states had centrally planned economic systems. On the other side, the Western bloc was composed of capitalist states gathered around the US Therefore, the two blocs had incompatible economic systems, which, in addition to political constraints, inhibited development of trade, or at least made it more difficult.

Gasiorowski and Polachek (1982) stated that greater expansion in trade between the Eastern and Western blocs occurred in the period of détente, at the beginning of the 1970s. In their case study of US trade relations with the Warsaw Pact countries, they found that increased volume of trade was an incentive for decreasing hostilities between the blocs. Furthermore, they found that trade can be efficiently used to *alter other country's behaviors* in other areas of relations.[4] However, before the détente, the US generally kept the level of trade with the Eastern bloc at a minimum, connecting it to political issues.

The United States only adopted a trade act that granted most-favored-nation (MFN) treatment to communist countries in 1974. Previously, the US government had implemented the Export Control Act (1949), which had restricted the export of strategically important goods to communist countries. At the beginning of the Cold War, when tensions were at their highest, the US denied MFN status to all communist countries except Yugoslavia.[5] In 1957, Poland became the next Eastern European country to get MFN status from the US, but

4 Mark Gasiorowski and Solomon W. Polachek, "Conflict and Interdependence East-West Trade and Linkages in the Era of Detente," *Journal of Conflict Resolution* 26:4 (1982), pp. 709−729.

5 After the Tito-Stalin split in 1948, Yugoslavia received US foreign aid, and the two countries maintained good bilateral relations thereafter. However, they never signed a *de facto* trade agreement.

soon after, in 1962, the US revoked MFN status from all communist countries.[6]

On the other side, Western European countries, principally the United Kingdom, pursued normalization of trade with COMECON regardless of political tensions between the blocs. The UK was COMECON's main OECD trading partner during the 1960s.[7] Western European countries and Japan followed the US impetus on trade with communist countries, and, at the beginning of Cold War tensions, conducted trade with the East more cautiously. However, the Western European countries that were dependent on foreign trade soon renewed trade with socialist states.[8]

All things considered, despite many obstacles and difficulties, trade between the blocs was not forbidden. Developed Western countries, except the US, have not much cared about politics when their trade interests are considered. Even though the US perhaps imposed conditions, it could not forbid trade between East and West. Therefore, we can conclude that Japan was free to pursue her economic interests and to conduct trade even with countries belonging to the opposite bloc. Moreover, due to Yugoslavia's peculiar position, pursuing trade with Yugoslavia did not necessarily mean doing business with the opposite bloc.

YUGOSLAVIA'S POSITION IN EAST-WEST RELATIONS

It is rather difficult to precisely define Yugoslavia's position within the East-West framework. Even though Yugoslavia was a socialist country,[9] she was not a member of COMECON or the Warsaw Pact. Parting with the USSR in 1948, she did not belong to the East. She also did not belong to the West, because of her socialist system, though she had good relations with the US Yugoslavia's status as a founding member of the Non-Aligned Movement (NAM) from 1961 on further complicates things.

In works examining the Western bloc countries' relations with the Eastern bloc, Yugoslavia was not considered part of the Eastern bloc. Stankovsky (1973)—who defined East-West trade as a "trade between the socialist planned economies of Eastern Europe and the OECD member countries" (except Japan and Finland)—did not include Yugoslavia in either group. Interestingly enough, he did not include Japan in the OECD either.[10] Furthermore, Yugosla-

6 Roland Schönfeld and Michel Vale, "The USA in Economic Relations between East and West," *Soviet and Eastern European Foreign Trade* (1974), pp. 3−4.

7 Stephen Woolcock and Michel Vale, "East-West Trade: US Policy versus European Interests," *Soviet and Eastern European Foreign Trade* (1983), p. 4.

8 Schönfeld and Vale, "The USA in Economic Relations," p. 4.

9 The term "socialist country" was used in the East for countries with a communist political ideology, since they believed that they had not achieved communism (as the highest form of socialism) yet. However, in the West, those countries were referred to as "communist countries."

10 Jan Stankovsky, "Determinant Factors of East-West Trade," *Soviet and Eastern European Foreign Trade* (1973), pp. 3−40.

via was not considered a member of the Eastern bloc in MITI documents, but rather as a member of Western Europe, whereas the USSR and her satellites (Bulgaria, Czechoslovakia, the German Democratic Republic (GDR), Hungary, Poland, and Romania) were regarded as "communist countries," belonging to the same group as Albania, the Democratic People's Republic of Korea (DPRK), the Democratic Republic of Vietnam (DRV), and the People's Republic of China (PRC). In Japanese External Trade Organization (JETRO) white papers, Yugoslavia was not considered part of the Eastern bloc until the mid-1970s.

After World War II had ended, Yugoslavia found herself in a position between the two superpowers and their fight to impose influence over Europe. As a communist country, Yugoslavia initially belonged to the Eastern bloc. She was second only to the USSR in the development and implementation of socialism.[11] The COMECON alliance was formed in 1949, but Yugoslavia had already split from the USSR and therefore did not join. On the other side, within its policy of containing communism, the US offered aid to Yugoslavia via the Marshall Plan. The Eastern bloc countries all rejected the aid, except Yugoslavia. She was not in a position to reject the aid, having already parted from the USSR and being politically and economically cut off from all Eastern European countries, and left without financial means for reconstruction after the war. This sudden turn in Yugoslav foreign policy and development of good relations with the US were peculiar, regardless of the interests on both sides. Among Serbian scholars, it has been considered to be a unique phenomenon of the whole Cold War history that a communist country started cooperating with a country of completely opposite political ideology.[12]

During the 1950s, Yugoslavia tried to get closer to the Soviet Union, which ended with yet another rift. At the same time, she was balancing her relationship with the US. Even though Yugoslavia maintained good relations with the Western bloc and the US in particular, and was receiving military and financial aid from them, she resisted pressure to formally join the North Atlantic Treaty Organization (NATO). Around the mid-1950s, rather than choosing either of the two blocs, President Tito started working on the third solution. He turned to a kind of neutralism in international politics, a non-aligned politics. President Tito, together with President Nasser of Egypt, President Nehru of India, and President Sukarno of Indonesia established the Third World countries' movement in 1961, composed of mostly underdeveloped former colonies to join together as a counter-balance to the Eastern and Western blocs.

However, since Yugoslavia had become a member of the NAM, she continued to oscillate between the blocs more than ever. She became an advocate of the Third World vis-à-vis both blocs and strengthened her position within the framework of East-West relations.

---

11 Aleksandar Životić, and Dragan Bogetić, eds., *Jugoslavija u hladnom ratu: Prilozi istraživanjima: Zbornik radova* (Beograd: Institut za noviju istoriju Srbije, 2010), p. 14.

12 Ibid., p. 17.

JAPAN'S POSITION IN EAST-WEST RELATIONS

On the other hand, Japan's position in the Cold War seems to be easier to define. Japan was heavily dependent on the US for her trade and security and, due to her alliance with the US, belonged to the Western bloc. When Japanese foreign trade resumed in 1949, the Cold War had already begun. Her membership in the Western bloc, at first kept Japan's trade with the Communist bloc at a low level.

It was not until 1957 that Japan changed her foreign trade policy towards Eastern European countries and started concluding trade agreements with those countries. That year, Japan signed the first trade agreement with an Eastern European communist country—the USSR. After that the two countries signed a joint declaration, which ended the state of war between them and restored diplomatic relations. Agreements with other countries from the bloc followed—with Poland in 1958, Czechoslovakia in 1959, Romania in 1960, and Bulgaria in 1961. In 1959, Japan also concluded the Trade and Maritime Agreement with Yugoslavia.

Japan's good trade relations and relatively good political relations with communist countries could be explained through the Japanese policy of *seikei bunri* (separating politics and economics). This policy was invented at the end of the 1940s by Japanese Prime Minister Yoshida Shigeru, and originally referred to Sino-Japanese trade relations.[13] Japan pursued her own interests while being careful not to harm good relations with her main ally, the United States.

Seikei bunri could also be a viable explanation for Japanese-Soviet relations, considering that the two countries maintained trade relations regardless of political problems and even territorial disputes. In the case of Yugoslavia or Eastern European socialist countries, there were no actual political problems, no unresolved war issues, no remaining territorial disputes, as was the case with China and USSR. However, Japan practiced separation of politics from economics in relations with those countries as well.

Furthermore, Japan managed to maintain trade relations with countries that were mutual enemies. For example, Japan traded with both the US and Cuba, with both Taiwan and the PRC, with both the PRC and the USSR, with both the Republic of Korea and the Democratic People's Republic of Korea, with both South Vietnam and North Vietnam, with the Federal Republic of Germany and the German Democratic Republic, with Arab countries and Israel.

Japan pursued foreign trade expansion policy, due to the priority she accorded economic development, and therefore conducted trade with any country regardless of its political system.[14] All trade agreements had the same content, namely regulating import-export quotas, shipbuilding contracts, tar-

13 Christopher Braddick, *Japan and the Sino-Soviet Alliance, 1950–1964: In the Shadow of the Monolith* (Palgrave Macmillan Ltd., 2004), p. 107.

14 Terada, "The System of Trade," p. 429.

iffs, and taxes, and purpose, namely providing a legal framework for trade and giving the most-favored-nation treatment to both parties.[15]

In the case of Japan's trade relations with Eastern European countries, other than being distant, all those countries lacked foreign currencies and had utterly different economic systems than Japan's. These limitations discouraged Japan from expanding trade on a more significant level.

BEGINNINGS OF JAPANESE-YUGOSLAV POST-WAR TRADE

Japan first established diplomatic relations with Yugoslavia, which at the time was named the "Kingdom of Serbs, Croats and Slovenes,"[16] in 1918. During World War II, the two countries belonged to opposite sides, breaking formal diplomatic relations. Though Yugoslavia was invited to the San Francisco Peace Conference in 1951, she did not participate, and thus the two countries concluded separate peace agreement and reestablished diplomatic relations in 1952.

It seems that East-West relations were not as rigid as they might have originally appeared. Despite the pattern of reappearing and decreasing (but never completely disappearing) political and security-related tensions between the two superpowers, their respective blocs somehow maintained relations, especially trade relations. Under such circumstances, regardless of the differences in political and economic systems, Japan and Yugoslavia gradually developed relations during the Cold War.

Beyond all the other problems in Japanese-Yugoslav trade relations, the two countries did not have compatible economic systems. Yugoslavia was a socialist planned economy with a self-management system,[17] whereas Japan was a market economy.[18] Furthermore, because of the great distance between them, the two sides had very little interest in each other's markets, primarily due to the cost of transport.

In Japanese Diplomatic Archives, starting with the renewal of diplomatic relations in 1952, various reports address Yugoslavia's international position,

15 *Shōwa 34-nenban tsūshōhakusho. Tsūshōsangyōshō. Tōkyō: Tsūshōsangyōchōsa-kai* [White Paper on International Trade 1959, Ministry of International Trade and Industry Tokyo: International Trade and Industry Committee] (1959), pp. 450−451.

16 It was renamed the "Kingdom of Yugoslavia" in 1929, "Democratic Federal Yugoslavia" in 1943 (recognized in 1944), and the "Federal People's Republic of Yugoslavia" in 1946. In 1963, the country was renamed again as the "Socialist Federal Republic of Yugoslavia" (SFRY), which name lasted until her dissolution in 1992.

17 See more about this topic in Sharon Zukin, *Beyond Marx and Tito: Theory and Practice in Yugoslav Socialism* (CUP Archive, 1975); Saul Estrin, *Self-management: Economic Theory and Yugoslav Practice* 40 (Cambridge University Press, 2010); Ljubiša S. Adamović, "The Foreign Trade System of Yugoslavia," *Eastern European Economics* (1982), pp. 144−165.

18 See more about this topic in Takatoshi Itō, *The Japanese Economy* 10 (MIT press, 1992); Takafusa Nakamura, *The Postwar Japanese Economy: Its Development and Structure* (University of Tokyo Press, 1981).

diplomacy, trade relations with other countries, etc. Before entering into any trade business with Yugoslavia, or signing a trade agreement, Japan conducted thorough research through the Embassy in Belgrade. Additionally, the two countries exchanged trade visits in 1953 (to Japan) and in 1954 (to Yugoslavia) to investigate the current situation of each other's economies and to develop economic relations. The Japanese trade visit to Yugoslavia, was led by the director of the Japanese Export-Import bank, Matsudaira,[19] which indicates the high profile of the mission.

Trade between Japan and Yugoslavia did not start until 1954, when the Japanese visit occurred. Even in 1954, Yugoslavia had no exports to Japan, but only imports worth 70,000 USD. In the following year, the volume of Yugoslav exports was rather low as well, and imports from Japan reached 11.7 million USD, since Japan provided industrial equipment for the Viscose factory in Loznica.[20] Representatives from Japan, led by the Director of the Export-Import Bank of Japan, Ishisaka Rokuro, were present at the opening ceremony of the Viscose Plant in November 1957.[21]

A director of Jugobanka (Yugoslav state bank), Granfil Toma, led a trade visit to Japan in 1957, when he met with the officials from the Japanese Ministry of Foreign Affairs and MITI, with the director of the Export-Import bank, and various representatives from Japanese trading companies. In a report on the visit, Yugoslav motives behind it and goals were clear—to gain a valuable trading partner such as Japan, which was a fast developing industrial country and one of the leading economies at the time.[22]

On the other side, Yugoslavia could not become a valuable trading partner to Japan, since she had not much to offer in that regard. In the same report, Granfil Toma notes that Japanese motives for developing trade cooperation with Yugoslavia seemed to be political. Japan's broader foreign policy in the latter half of the 1950s was to develop good relations with Asian and African countries, and less developed countries in general, to a degree that would not cause problems with the US.[23] This also seems to be the general impression that the officials in the Yugoslav Ministry of Foreign Affairs (YMOFA) had of Japan's foreign policy at the time, as it appears in various reports and meeting records. Additionally, it corresponds with the behavior of the Japanese government, which increased the number of negotiations with other communist countries in Eastern Europe. During the Cabinet of Hatoyama Ichiro (1954−1956), Japan and the USSR finally signed a Joint Declaration (1956). The Declaration

19 J[apanese] D[iplomatic] A[rchives], F[older]: E'.2.2.9.1, Economic relations with Yugoslavia, Note on Japanese trade mission visit, 02.09.1954.

20 Y[ugoslav] D[iplomatic] A[rchives], Y[ear] 1956, F[older]42 R[ecord]14 F[ile]44520, Information note, 08.02.1956.

21 YDA, Y1957, F46R19F422969, Note Verbale, 15.10.1957.

22 YDA, Y1956, F47R01F42473, Information by Toma Granfil, 04.02.1957.

23 Ibid.

ended the state of war between the two countries and was accompanied by a trade protocol. During the Cabinet of Kishi Nobusuke (1957−1960), Japan concluded Trade and Maritime Agreements with all Eastern European communist countries.

Furthermore, during one of the meetings between JMOFA officials and staff from the Yugoslav Embassy in Tokyo in 1958, the Director of the JMOFA Middle East division, Kanayama, stated that Japan would prefer to stay outside the blocs, and thus sought to develop relations with Asian, African, and Eastern European countries. He also added that Japan aimed to develop good relations with both superpowers, while being neutral in the East-West confrontations.[24] This also contributed to Yugoslav officials' existing impression about Japanese foreign policy towards communist countries of Eastern Europe that Japan had political as well as economic motives behind the development of relations.

THE TRADE AND MARITIME TRANSPORT AGREEMENT

Regardless of the low trade volume between the two countries, Yugoslavia and Japan signed a Trade and Maritime Transport Agreement in 1959, giving MFN status to each other. Japan had already concluded a trade agreement with the previous Yugoslav Government (the Government of the Kingdom of Yugoslavia) in 1923.

As previously mentioned, the Trade and Maritime Agreement was a part of broader Japanese trade policy towards Eastern European countries. Furthermore, Japan concluded trade agreements with many other countries as well, such as Great Britain, France, the Philippines, etc. According to the MITI 1959 White Paper, Yugoslavia made an initial invitation to conclude a trade agreement in 1953, after which the two countries started negotiations and finally concluded the agreement in February 1959 (ratified in July that same year). The agreement regulated trade and the flow of money and goods between the two countries, such as matters of private and legal entities, private property, residents, visa regimes, etc.[25]

The trade agreement with Yugoslavia appears not to have met YMOFA officials' expectations, since not much had changed compared to the period before its conclusion.[26] Furthermore, in his report discussing the development of Japanese-Yugoslav relations, Yugoslav Ambassador Kos Franc primari-

24 YDA, Y1958, F53R27F45569, Note from the conversation between F. Babic and Mr. Kanayama, the chief of the [JMOFA]Europe and Middle East Bureau, [Yugoslav] Ambassador Hirose, Yamashita, chief of the Eastern Europe Section, Yamada, his assistant, and comrade Soic, 03.03.1958.

25 White Paper on International Trade (1959), pp. 450−451.

26 YDA, Y1961, F51R14F39720, Note from the VII Department [Y]MOFA, 9.06.1961.; Y1962, F53R03F47538, Report by ambassador Kos, 16.01.1962.

ly expressed dissatisfaction with the development of political relations, and mentioned underdevelopment of trade relations as a consequence of that. His main evaluation of Japanese policy towards Yugoslavia was that Japan saw Yugoslavia as a type of acceptable communist country, which could be used as an example of Japanese neutral foreign policy. That is, Yugoslavia already had support from the US and therefore was a communist country with American approval. So, when Japan needed to present herself as a country that cooperated with communist countries, Yugoslavia was a good choice.[27]

Table 1: Japan-Yugoslavia Trade Balance for the Period 1958–1960

Japan's exports (in millions of USD)	**1958**	**1959**	**1960**
In total	2876.80	3456.50	4054.50
Eastern Europe*	22.96	28.94	/
Yugoslavia	1.18	9.92	5.84
Japan's imports (in millions of USD)	**1958**	**1959**	**1960**
In total	3033.40	3599.80	4491.50
Eastern Europe*	24.86	43.91	/
Yugoslavia	0.003	0.68	2.80

Data adapted from: White Paper on International Economy and Trade, Ministry of International Trade and Industry 1961, New International Division of Labor, Tables: 2–33 and 2–34, and Detailed Exposition, Tables: 3–176 and 3–177, 248.

* Albania, Bulgaria, Czechoslovakia, the German Democratic Republic, Hungary, Poland, Romania, and the USSR.

As the data regarding Japanese-Yugoslav trade from the 1950s show, before the conclusion of the Trade and Maritime Agreement in 1959 (Table 1), the volume of trade was very low. Though after the conclusion of the agreement, exports on both sides increased multiple times, those values were still insignificant for both Japan's and Yugoslavia's total trade volumes. The exports from Japan to Yugoslavia increased more than eight times between 1958 and 1959, but then again decreased 3.5 times in 1960, which was still almost five times bigger trade volume than before the conclusion of the agreement. Imports from Yugoslavia also increased, but the trade was unbalanced in Japan's favor by far.

Compared to the initial years after the establishment of diplomatic relations when trade exchange did not exist, by 1960, Japanese-Yugoslav trade did see some developments, but it was still very low, much lower than the levels of Japanese trade with the Eastern European countries. As is shown in Table 1, these developments were part of the development of trade with all communist countries in Eastern Europe, though the biggest share of it belonged to trade with the USSR, and only a small part to the rest of the states.

27 YDA, Y1962, F53R03F47538, Report by ambassador Kos, 16.01.1962.

This contributes to the impression that Japan considered Yugoslavia to be different from other communist countries, not only from the Soviet bloc, but also from Albania and Asian communist countries. Since all of them had very similar economic systems, and it was thus very difficult for them to trade with capitalist countries, it is logical to conclude that Yugoslavia was regarded as different because of the political interests.

TITO'S VISIT TO JAPAN AND JAPANESE-YUGOSLAV TRADE IN THE 1960S

In 1961, when she joined and indeed became a leading member of the NAM, Yugoslavia became an advocate of the Third World with both blocs, and strengthened her position vis-à-vis East and West. Though Yugoslavia had access to Third World markets even before formal establishment of the NAM, from 1961 on, NAM countries became Yugoslavia's main trading partners.

On the political level, Yugoslavia—which had balanced between blocs since the 1940s, and made this policy of balance the core of her foreign policy—used NAM membership to increase her political power and international position. Having any country as a friend was an advantage in President Tito's politics of balance, and developing good relations with Japan was even more advantageous, since she was a US ally. By 1960, President Tito himself developed good relations with the US and enjoyed her support.

Yugoslavia's NAM membership and increased international profile also improved Japan's opinion of her. In March 1968, President Tito made a state visit to Japan. His visit led to a slight but noticeable increase in the bilateral trade volume for that year. As Table 2 shows, Japanese exports grew by about 4.8% from 1967 to 1968, but decreased by 27.8% from 1968to 1969, even lower than before the visit. The Japanese trade surplus with Yugoslavia for that year increased five times. In 1968, Yugoslav exports to Japan actually decreased by more than half from the previous year's level, and the decrease continued in 1969 as well.

Table 2: Japan-Yugoslavia Trade Balance for the Period 1967−69

Japan's exports (in millions of USD)	**1967**	**1968**	**1969**
In total	10,441.6	12,971.7	15,990.0
Eastern Europe*	228.5	561.9	327.8
Yugoslavia	29.2	30.6	22.1
Japan's imports (in millions of USD)	**1967**	**1968**	**1969**
In total	11,663.1	12,987.2	15,023.5
Eastern Europe*	561.9	572.4	574.8
Yugoslavia	11.4	4.7	4.2

Data adapted from: White Paper on International Economy and Trade, Ministry of International Trade and Industry 1970, Detailed Exposition, Tables: 2–176, 2–177, 2–322, 2–323.

* Albania, Bulgaria, Czechoslovakia, the German Democratic Republic, Hungary, Poland, Romania, and the USSR.

Though Japan economically benefited from Tito's visit, Yugoslavia did not. It appears that President Tito's lengthy visit had more effect on deepening trust and creating space for further developments in bilateral relations than on trade exchange per se. President Tito and his group[28] stayed in Japan for eight days. During that time, President Tito met with the Emperor and Empress, Prime Minister Sato Eisaku, the Governor of Tokyo, representatives of the Japanese Chamber of Commerce and Industry, the Japan Business Federation (*Keidanren)*, and the Japanese Socialist Party, and visited Ishikawajima Shipbuilding Company (Tokyo), Matsushita Electric Company (Osaka), etc.[29]

During the mid-1960s, there was a general increase of trade between socialist countries and the West. In 1965, trade between COMECON countries and Western European countries increased by13%, while COMECON countries' exports to Japan increased by 8%, and imports actually decreased by 3%.[30] This is also clearly presented in Table 2. Therefore, a slight increase in the volume of trade between Japan and Yugoslavia can be partially explained by the general trend of the 1960s.

TRADE COMMITTEES AND JAPANESE-YUGOSLAV TRADE IN THE 1970S

Starting in the late 1960s, Japan established non-governmental economic committees with Eastern European countries to promote relations in that region. A Japan-USSR trade committee was established in 1965, a Japan-Poland trade committee in 1967, Japan-Hungary and Japan-East Germany committees in 1971. The following year, Japan created a committee for trade with Yugoslavia. These committees provided a framework for trade between Japanese private-sector participants and governmental agencies on the Eastern European side, while the Japanese government had only an indirect participation.

Trade between Japan and Eastern European countries had been increasing year after year, with a growth of 85% between 1973 and 1974, a growth rate much higher than that of Japan's global trade. Japan's trade surplus also grew, causing a considerable imbalance in trade with some Eastern European countries.[31]

---

28 President Tito was followed by prominent political figures, including Vladimir Popović (State Secretary General), Rudi Kolak (Vice President of the Federal Executive Council), Marko Nikezić (Secretary of State for Foreign Affairs), Nikola Milićević (Director of Political Department at Secretariat of State for Foreign Affairs).

29 Y[ugoslav] H[istory] A[rchives], P[residential] A[rchives], KPR I–2/38–1, 60/J:1088–1093; JDA A'–0435, Materials regarding the visit of Yugoslav President Tito.

30 Gyula Munkacsy, and Gyula Munkácsy, "Recent Developments in East-West Trade Relation," *Soviet and Eastern European Foreign Trade* (1967), p. 47.

31 "Diplomatic Bluebook for 1974." Public Information Bureau Ministry of Foreign Affairs, Japan [http://www.mofa.go.jp/policy/other/bluebook/1974/1974-contents.htm], accessed December 2, 2014.

The Committee for improvement of trade relations between Japan and Yugoslavia was formed in 1972 on the initiative of *Keidanren*. The Yugoslav Chamber of Commerce subsequently opened an office in Tokyo in the same year. The first joint meeting between this committee and Yugoslav Chamber of Commerce representatives was held in Tokyo in 1974.[32]

After the establishment of this committee, trade volumes increased on both sides. This advance in trade is even more significant, given that the 1970s were a difficult period for world trade in general, because of the first oil shock.

As Table 3 shows, Japanese exports to Yugoslavia more than doubled from 43.5 million USD in 1972, when the committee was established, to 111.9 million USD in 1974 when the first joint meeting occurred. Yugoslav exports to Japan increased six times, from 9.8 million USD in 1972 to 62.7 million USD in 1978. Exports from Japan to Yugoslavia still represented only 0.2% of Japan's total exports in 1974, and exports from Yugoslavia to Japan were only 1.2% of Yugoslavia's total exports for the same year.

Table 3: Japan-Yugoslavia Trade Balance for the Period 1972–74

Japan's exports (in millions of USD)	**1972**	**1973**	**1974**
In total	28,591.1	36,930.0	5,5535.8
Eastern Europe*	736.0	809.0	1,669.7
Yugoslavia	43.5	51.8	111.9
Japan's imports (in millions of USD)	**1972**	**1973**	**1974**
In total	23,740.7	38,313.6	62,110.5
Eastern Europe*	693.5	1,231.4	1,695.6
Yugoslavia	9.8	26.7	62.7

Data adapted from: White Paper on International Economy and Trade, Ministry of International Trade and Industry 1974, Detailed Exposition, Tables: 2–170, 2–171 and 2–339.

* Albania, Bulgaria, Czechoslovakia, the German Democratic Republic, Hungary, Poland, Romania, and the USSR.

Japan's exports to Eastern Europe also doubled between 1972 and 1974, being more than ten times bigger than exports to Yugoslavia. Imports from the Eastern bloc were always incomparably higher than imports from Yugoslavia.

Over the years, the main Japanese export commodities to Yugoslavia were iron and steel products, which represented 47% of total exports in 1974. That year, Japan imported two-thirds of its pig iron from Yugoslavia and increased previously imported aluminum and craft pulp.[33]

32 YDA, Y1973, F63R02F421771, Information by Smole, 26.04.1974.

33 *Nihon bōekishinkō-kai. Tsūshōhakusho* [White Paper on International Ttrade] (Tokyo: Japan External Trade Organization, 1975), p. 324.

Private-sector Trade Relations

Japan pursued trade with socialist countries on a private-sector level rather than on a state-to-state level. Therefore, the private sector played an important role in trade with the socialist bloc, since the government tried to stay behind the scenes. Only in the case of trade with the USSR and Poland did the Japanese government participate in trade businesses openly, during yearly trade meetings.[34]

The dominant system of Japan-Yugoslavia trade was direct company-to-company trade, with Japanese banks as credit providers and Japanese companies as guarantors. This system enabled Japanese Government to distance itself from the whole process, avoiding direct dealing with the communist governments. That way Japanese Government avoided potential implications on her foreign policy while conducting trade with those countries.

The first Japanese export-import company to establish a representative office in Belgrade, Yugoslavia, was Marubeni in 1953. The Marubeni Company, as with many other Japanese companies located in Yugoslavia, negotiated the possibility of triangular Japan-Yugoslavia-USSR trade.[35] From the Yugoslav side, several trading companies also specialized in trade with Japan, Astra being the most successful one.[36]

Japanese companies, working in cooperation with the Japanese government, provided needed loans to enable Yugoslav companies to buy necessary equipment. This practice was first adopted in 1954 when Japan approved a credit for 12 million USD for buying equipment from Mitsubishi for the Viscose plant in Loznica.

Triangular Trade

Triangular trade was one dimension in Japanese-Yugoslav bilateral trade relations that was subject to many considerations and consultations on both sides. It allowed Japan to reach out to the Third World markets that were otherwise difficult to approach.

For example, at the beginning of Japanese-Soviet relations, the Yugoslav Interexport Company received a proposal from a USSR company to re-export Sakhalin coal to Japan. Under this arrangement, Yugoslavia would pay off her debt to Japan for the equipment for the Viscose Plant in Loznica by re-exporting Soviet coal to Japan.[37]

---

34 Terada, "The System of Trade," p. 441.

35 YDA, Y1956, F42R13F42782, Information.

36 YDA, Y1960, F53aR04F436006, Report on Astra Company's export-import with Japan, 30.12.1959.

37 YDA, Y1956, F42R14F44520 and F42R13F48349, Information note, 11.05.1956.

Some other triangular trade proposals came from the Japanese side. For example, the Japanese mining expert and leader of the Japan–SFRY Friendship Association, Kurushima, visited Yugoslavia in 1957 and suggested trade between Israel, Japan, and Yugoslavia.[38] Unfortunately, this triangular trade never took effect, like many others, such as re-export of sugar from Cuba.[39] That is, at the state level, there were no successful triangular trade deals, however, some evidence refers to triangular USSR-Yugoslavia-Japan trade, organized by Japanese private companies. Lack of government approval was also a problem. Kanematsu and Mitsubishi corporations generally agreed to import oil re-exported from the USSR via Yugoslavia in 1965, but waited for Japanese government approval for far too long.[40] The same year, the Sumitomo corporation purchased pig iron from a Yugoslav company (the name is not stated in the document), and most of that iron was re-exported from the USSR. On one occasion, the Sumitomo Company made a business deal for triangular trade without the government's approval. In the opinion of Sono Akira, Japanese ambassador to Yugoslavia, this happened because Japan's government acted too late to forbid this transaction.[41]

There is some evidence indicating a possible joint venture in third markets as well. Japanese company Mitsui & Co., in cooperation with Mitsui Mining & Smelting Co. Ltd., proposed to Yugoslav company Geotehnika (which exploits copper) that they make a joint appearance in the Indonesian market. Since Yugoslavia produced copper-bearing materials, Indonesia had a need for that import, and Japan had good relations with both countries, which helped the trade.[42] Around the same time, the Japanese company C. Itoh & Co. Ltd. proposed a joint venture to Geotehnika for researching copper in Indonesia.[43]

CONCLUSION

Trade between Japan and Yugoslavia never reached the level of Japan's trade with the Soviet Union, not to mention with its main trading partner, the US, or South-East Asian countries. On the other side, though it considered Japan an important trading partner and a friendly country, Yugoslavia had other more important trading partners among Eastern European and NAM coun-

38 YDA, Y1957, F47R02F426760, Information, 19.09.1957.

39 YDA, Y1960, F53aR19F420824, Information, 05.08.1960.

40 YDA, Y1964, F85R19F435726, Note, Meeting between Yugoslav embassy attaché Vajs and the representatives from the Japanese MOF and MITI, 24.08.1964.

41 JDA, E' 2.2.9.1, F - Economic relations with Yugoslavia, Telegram from Ambassador Sono, 30.10.1967.

42 YDA, Y1968, F70R04F416038, Letter from Mitsui & Co. Ltd. to Geotehnika via Yugoslav Embassy, 11.04.1968.

43 YDA, Y1968, F70R04F416038, Letter from C. Itoh & Co. Ltd. to Geotehnika via Federal Economic Council of SFRY, 11.04.1968.

tries. Nevertheless, both countries worked on upgrading their relations, combining trade with high-level political meetings and visits.[44]

For Japan, the establishment and maintenance of good relations with the communist countries of Eastern Europe ultimately was part of her trade expansion policy. For Yugoslavia, it was also part of a bigger picture, her fight to balance the influence of the superpowers and survive.

In regard to Yugoslav politics of balance between the blocs, Japan was always seen as a friendly country and valuable trading partner. Having such an economically strong country as Japan as an ally served Yugoslavia's general foreign policy course and further strengthened Yugoslavia's position in the world.

On the other side, early in the Cold War, Japan defined her priorities and established the "separation of politics from economics" as a basis for her foreign economic policy. Though she belonged to the Western bloc during the Cold War, and her economy, defense, and politics were closely connected to the US, Japan pursued an independent foreign policy when that did not compromise her alliance with the United States. Trade with the socialist bloc countries was part of that policy, and trade with Yugoslavia as well.

Within the private sector, the Japanese business community and private companies, as well as Yugoslav trading companies, had purely economic interests and thus supported the government's efforts for trade development.

Japan-Yugoslavia trade relations were never a priority on either side. Along with the huge geographical distance between both countries, they encountered many difficulties such as incompatible economic systems. It was not until the beginning of the 1970s that bilateral trade significantly improved, which came with an improvement of Japan's trade with the other communist countries of Eastern Europe. Though Japan was not regarded as a member of the Eastern bloc, but rather as a Western European country, its trade policies towards Yugoslavia were always connected with those towards the USSR and the Eastern bloc.

Japan's bilateral relationship with Yugoslavia was a part of her broader foreign policy. Firstly, it contributed towards achieving her national interests, meaning economic development. Secondly, Japan's political interests lay in part in presenting herself as a country that cooperated with all countries worldwide, including communist countries.

---

44 Yasuhiro Nakasone visited Yugoslavia before he became Prime Minister. Tetsu Katayama did so after he was Prime Minister. Parliamentary delegations from both sides visited on multiple occasions. There were ministerial-level meetings. President Tito visited Japan. Crown Prince Akihito visited Yugoslavia in 1978, etc.