



REPUBLIC OF KOREA

KOREAN MISSION IN JAPAN

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TO : Office of the President
FROM : Minister Yong Shik Kim
SUBJECT : Political Report

The items in this week's Political Report are as follows:

- I. ANGLO-JAPANESE TRADE AGREEMENT.
- II. THE NETHERLANDS-JAPAN TALKS ON WAR INDEMNITY.
- III. RED CHINESE SAMPLE FAIR.

I. ANGLO-JAPANESE TRADE AGREEMENT.

The four-month-old Anglo-Japanese trade talks, held since the end of June in Tokyo, came to a conclusion on October 17, 1955.

The trade arrangement concerns only six months between October, 1955 and March, 1956. And negotiations for details of trade between the two countries from April, 1956 will be held between both parties in February, 1956.

The negotiations were first held up when Britain asked Japan to import 275 million pounds worth of goods annually for the reason that Japan is now in a position to enjoy the favorable balance of trade. And it is said that the British were concerned about the fact that Japan was piling up a balance of unused sterling (estimated at nearly 100 million pounds at present).

However, in the course of the negotiations, Britain lowered her export goal to 255 million pounds from her original figure of 275 million pounds, while Japan insisted that she could not afford to accept more than 225 million pounds worth of imports from the Sterling Area. Thus, no further adjustment of views proved possible. Consequently, it was decided that no trade total on an annual basis could be fixed but Japan agreed to accept the British radio (of 255 million pounds per annum) for the ensuing period of 6 months only.

In this sense, it may be said that the present arrangements between Britain and Japan are of an experimental nature.

In these arrangements, the following are the most important points upon which both Japan and Britain reached agreement:

1. The Japanese Government will appropriate a total of £127.5 million in the foreign exchange budget for import of goods from the Sterling Area during the 6-month period from October to March, 1956.

2. Japan will do its utmost to promote import from the Sterling Area and to use pound sterling to be obtained from Japanese exports to the Sterling Area to attain the above goal, in view of Japan's excess exports to the Sterling Area during the last fiscal year.

3. The two countries will grant to each other the same treatment given

to

195

to other countries under their respective system for the purpose of expanding trade between the two parties.

4. Japan will facilitate trade between the two countries by reducing the percentage of bond required for import of goods from the Sterling Area.

5. Japan will permit British motion-picture companies to remit to Britain in full their accumulated yen funds amounting to £150,000.

6. Britain, on the other hand, will instruct its dominions and colonies to continue their import from Japan as heretofore.

7. Britain will accord the same treatment to imports from Japan into her and her colonies as that given to other non-pound areas.

8. Britain will not restrict in principle imports from Japan into the Sterling Area, while maintaining the present level of triangular trade through Hongkong, Aden, and other places.

9. The United Kingdom will continue its imports from Japan as heretofore.

Now, the Japanese Cabinet, on October 18, gave its consent to the new Anglo-Japanese trade and payments arrangements signed here on October 17.

Reactions to the new arrangements here are quite various. Some observers say that the new arrangements will affect Japan's trade relations with other countries. They fear that Japan may be faced with a large excess-import if exports to the Sterling Area from Japan fail to keep pace with increased imports as asked for by Britain. And if Japan wishes to increase imports from the Sterling Area, she will have to replace imports from the Dollar Area with those from the Sterling Area to a considerable extent.

On the other hand, a certain press said in its editorial that increased imports from the Sterling Area will almost automatically mean a decrease in imports from the Dollar Area. It went on to say that if that meant Japan's "unhealthy" dependence upon the dollar area would be lessened, the new agreement might not make any great difference in Japan's overall trade picture.

Anyhow, it may be said that this time Japan made concessions to the trade affairs with Britain to some extent. It seems that Japan has made up her mind to import more goods from the Sterling Area (mainly Southeast Asian Countries) with a view to cultivate markets in the area under the scheme of the so-called economic cooperation.

And one important thing that cannot be overlooked will be that Japan wishes to see Britain refrain from invoking GATT rights against Japan. In other words, Japan, by means of making concessions to Britain in regard to trade affairs to some extent, is desirous that Britain will, in the near future, reciprocate with Japan in connection with the arguments on GATT pending between Japan and Britain.

II. THE NETHERLANDS-JAPAN TALKS ON WAR INDEMNITY.

The Netherlands asked for compensation for some 110,000 Dutch nationals interned by the former Jap Army in the Dutch East Indies during World War II. The Dutch claims amount to nearly \$27.5-million.

According to the Dutch side, at the time of the San Francisco Peace Conference, the Jap Prime Minister (Yoshida) had recognized Japan's "moral obligation" to pay the claims made for 110,000 Dutch civilians, "the majority of them being women and children."

The full-dress negotiations were convened in Tokyo on October 10 and the



-3-

both parties met four times since the opening of the compensation talks. But it is said that no progress has been made in regard to the talks due to Japan's ambiguous attitude to the talks. Thus, the Netherlands negotiators issued a strong statement charging Japan's insincere attitude and requesting that Japan come up with an offer. The gist of the Netherlands statement follows:

"It was not without a certain disappointment that the Netherlands learned a working basis for agreement does not yet exist.

"More than 60,000 of the Dutch detainees were women and children. Apart from individual and most brutal punishment, a system of collective punishment for minor offences was mercilessly enforced.

"Medical care was grossly inadequate. Many lives could have been saved if available stocks of medicines had not been withheld. Often food was wilfully withheld for three or four days.

"No other nation had such a large group of civilians interned by the Japanese Army as the Netherlands. Thus, the Netherlands people demand a gesture from the Japanese people."

III. RED CHINESE SAMPLE FAIR.

Red China opened its sample fair in Tokyo on October 18, and the Tokyo fair will last until October 31, while another sample fair will be held in Osaka from December 1 lasting two weeks. It is said that Red China will spend nearly 600,000 US dollars as the expenditures for opening its sample fairs in Tokyo and Osaka. The fair site is nearly 2,000 Pyungs and the number of exhibited items has exceeded 3,200.

It is recalled that Japan and Red China agreed in the trade agreement concluded in May this year that Red China would hold its sample fair in Tokyo and Osaka within this year, while Japan, in Peking and Shanghai next spring. The opening of Red Chinese sample fairs will be a sort of implementation of the so-called Japan-Red China trade agreement.

It is reported that in the fair various items of agricultural products have been exhibited. And besides these farm products, such as rice, soya beans, red beans and other grains, various kinds of machine tools have been exhibited. But most of Jap press reported that it appeared that Red China's real intention to hold such a sample fair was not to promote trade between Japan and Red China but to introduce greatly internal situation of Red China after the Chinese Communists inaugurated their regime in China Mainland.

The leader of the Chinese trade fair mission said that the purpose of the sample fair was to foster the friendly relations between Japan and Red China, thereby promoting trade between the two countries.

In view of the above remarks made by the Chinese Communist, it may be easily said that Red China has held the sample fair not on a commercial basis but on a political basis. Thus, this will be also a sort of Red Chinese peace offensives toward Japan.

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1911

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