

Japan's approach to Chinese trade

In stark contrast to the hastily conceived Vance-Brzezinski briefing is the far more prudent — and more successful — approach of the Japanese to the “China market.” Even in terms of sheer volume of sales, Japan has achieved far more than any other country: at present over \$75 billion worth of deals have either been concluded or are presently being negotiated. Most of the contracts represent projects for creating the basic infrastructure China will need for anything resembling a competent industrial development scheme; e.g., plants for making steel, fertilizer, communications equipment, autos, and machinery as well as oil and energy projects.

As sensible businessmen, the Japanese are reticent to commit themselves to tens of billions of dollars worth of contracts unless they are at least somewhat assured that China will have the kind of managed development that will make it possible for it to pay back the loans. Japanese businessmen have also expressed reservations about the ability of China's current leadership to manage the social tensions that the rapid economic changes will produce. Their approach to China, unlike Vance's, is to treat China not as a vast market, but as a developing country. To the extent that it is politically possible, Japan is trying to induce China to adopt an economic strategy resembling the one which produced Japan's own economic miracle and in line with the technology transfer programs Japan is now running with other developing countries.

A major study of China's capital needs was just published by the Japan Economic Research Center (JERC) under the guidance of JERC president Hisao Kanamori who visited China in Decem-

ber. Kanamori had been one of the major architects of Japan's own 1960's high-growth program.

The study estimated a \$200 billion shortfall in China's ability to supply capital for its modernization program through 1985, a shortfall that must be made up by foreign loans and economic cooperation. China has invited JERC Chairman Saburo Okita to come to China shortly to advise them on economic planning. Okita has been an advisor to many Japanese Prime Ministers including current Premier Masayoshi Ohira.

Rather than having each firm “do its own thing” in the China market, Japan's business leaders and government are cooperating to set the overall context within which individual contracts are made. Not accidentally, the majority of the contracts have been part of multibillion dollar packages organized by the same firms which lead in Japan's development efforts with other developing countries; e.g., the \$20 billion, ten-year package negotiated by Nippon Steel Chairman Yoshihiro Inayama. American victims of the “China card” mirage may be interested to know that Inayama also heads the Japan-East Germany Economic Cooperation Committee.

Japan's Export-Import Bank has offered dollar loans for exports to China at the low 6-6.5 percent interest rate. The U.S. Treasury has sent a letter to Tokyo protesting this policy as unfair competition, overlooking the fact that this is the same rate being offered to other developing countries, as well as the fact that Japan has offered U.S. banks and firms participation in such syndicated loans which undercut the high interest rates on the Eurodollar market. Toshio Doko, head of the prestigious business federation Keidanren, predicted two weeks ago that joint ventures between American and Japanese firms for China projects would soon develop. So far U.S. Steel and Union Oil are discussing such joint projects while Chase Manhattan has approached the Bank of Tokyo regarding joint loans to China.

A seminar on what U.S. business needs to know

**Doing Business
in 1979—**

**The European
Monetary System
and Mexican Oil**

featuring **Fernando Quijano**, Editor-in-Chief;
Criton Zoakos, Contributing Editor,
Executive Intelligence Review; and **Uwe Parpart**,
Director of Research and Development, U.S. Labor
Party

Washington D.C., January 31

• Wednesday, 2:00 PM
Dolly Madison Room, Madison Hotel

Seminar information requests should be sent to:

Executive Intelligence Review
c/o New Solidarity International Press Service
P.O. Box 1922 GPO New York, N.Y. 10001
\$25 registration fee (212) 563-8600

Sponsored by the Executive Intelligence Review

PUT THE WORLD IN PERSPECTIVE

- News
- News analysis
- Latest science breakthroughs
- Historical features
- U.S. Labor Party statements
- and the world in perspective—the U.S. Labor Party perspective

How you see the world depends on how you look at it. Read **New Solidarity** and see the world through the eyes of the U.S. Labor Party. In seven languages, twice weekly in English, **New Solidarity** will make a world of difference in your perspective.



\$20 for 100 issues

\$40 for 50 issues foreign airmail

Make checks payable to: Campaigner Publications
GPO Box 1920 New York, N.Y. 10001

**READ
NEW SOLIDARITY**