

Ten Years Since Restoration of Diplomatic Ties Between Japan and China

By Kaheita Okazaki

Kaheita Okazaki, permanent adviser of the Japan-China Association on Economy and Trade, was born in 1897. He joined the Bank of Japan after graduating from the University of Tokyo in 1922. He served at the Berlin branch of the central bank before World War II and was councillor at the Japanese Embassy in China during the war. He retired from the bank in 1946 and assumed the presidency of Ikegai Iron Works Ltd. in 1949. He also served as president of All Nippon Airways 1961-67.

He has been engaged for many years in activities for promoting friendly relations between Japan and China.



Kaheita Okazaki, permanent adviser, Japan-China Association on Economy and Trade

This is the 10th year since diplomatic relations between Japan and China were restored in September 1972. The road to the normalization of relations was a long one, including the unfortunate World War II period. Even after the war ended, it took more than 20 years to restore normal relations.

During the postwar period when there were no diplomatic relations, exchanges were promoted by many individuals in a private capacity. They worked persistently

to lay the foundation for the normalization of relations, though it was not an experience without its twists and turns. Private trade was resumed quite early after the war in 1952. A private trade agreement was signed and renewed many times. This agreement, which formed the very basis of Japan-China relations in those days, was upgraded later to a status close to a government-to-government agreement, although not a very stable one in view of the prevailing international situation.

In the early 1960s, efforts were made to give a more solid foundation to Japan-China relations by placing the trade agreement on a long-term basis. The efforts materialized in the autumn of 1962 in the form of the so-called L-T trade. The L in the L-T trade was taken from the first initial of Liao Chengzhi, who acted as the coordinator for China, while T stood for Tatsunosuke Takasaki, who represented Japan on private trade with China. With the establishment of the L-T trade formula, the pipe between the two countries grew bigger year by year, and trade between them grew considerably despite political changes in both countries and the mounting tensions in Asia. After the L-T trade agreement expired, the L-T formula was replaced by the Japan-China memorandum trade formula. Under the new formula, the scale and role of trade between the two countries remained as before. Around that time, there was also growth in general trade conducted outside the memorandum trade formula.

Progress since Restoration

By 1972, the current of the times favored China's admission to international society, and the long-cherished dream of restoring diplomatic relations between

Postwar Japan-China Relations

1949	May 5	Japan-China Trade Promotion Association set up	1957	July 27	National Conference for Normalization of Japan-China Relations organized
1952	June 1	First Japan-China private trade agreement signed (renewed every year)	1955	Apr. 20	Japanese State Minister Tatsunosuke Takasaki and Chinese Premier Zhou Enlai meet at an Afro-Asian conference in Bandung, Indonesia, to discuss Japan-China relations
1953	July 29	Both houses of Japanese Diet adopt resolutions calling for promotion of Japan-China trade	1956	Oct. 6	Japanese commodities fairs held in Beijing and Shanghai
1954	Sep. 22	Japan Association for Promotion of International Trade	1958	Feb. 26	Japan and China conclude long-term agreement on steel barter trade
				May 2	Rightists burn Chinese flag at a Chinese trade fair in Nagasaki, resulting in temporary suspension of Japan-China trade
			1959	Sep. 20	Liberal-Democratic Party dietman Tanzan Ishibashi and Chinese Premier Zhou issue joint statement setting forth
				Nov. 15	inaugurated Japan-China Fishery Council established

Japan and China was realized. With relations normalized, exchanges between the two countries suddenly took off, as if a floodgate had been opened, and the fields for exchange diversified.

The two governments signed the Japan-China Trade Agreement in January 1974. It was followed by the conclusion in close succession of such working agreements as the Japan-China Aviation Pact (April 1974), the Maritime Agreement (November 1974), the Fisheries Agreement (August 1975) and the Trade Mark Protection Agreement (September 1977). Finally, in August 1978, the long-awaited Japan-China Peace and Friendship Treaty was signed. December 1979 saw the signing of the Cultural Exchange Agreement, and in May 1980 the Science and Technology Agreement was concluded on the occasion of Chinese Premier Hua Guofeng's visit to Japan. Hua's visit was the first ever by a Chinese premier. The volume of trade between Japan and China has grown about 10 times over during the past 10 years. We may say that Japan-China relations have never been better.

This, however, does not mean that all the problems pending between them have been solved. China today is making an all-out effort to modernize itself. As the late Premier Zhou Enlai once declared, China today is seeking to realize its great ambition of putting itself in the forefront of the world by the end of the century. It goes without saying that China is making its own independent efforts to attain this goal. But it is also a well-known fact that China has great expectations for the cooperation of foreign countries, especially Japan.

Japan should respond positively to China's requests for cooperation and assistance. China is hastening its modernization, but is currently in a difficult situation where it must make economic adjustments. These will probably necessitate a detour on the road to modernization. It is



Japanese representative Tatsunosuke Takasaki (left) exchanges the contract sheet of the L-T trade agreement with Chinese counterpart Liao Chengzhi (Nov. 9, 1962).

of course not easy for China, with a population of one billion, to modernize. She will need the cooperation and assistance of foreign countries. When we think of the history of Japan-China relations extending over 2,000 years, it is quite natural for Japan to help China when it is in difficulty. The path of Japan-China relations was not always smooth in the past, but it is essential for these two countries to collaborate and cooperate more closely in the future.

A Meeting with Zhou Enlai

Whenever Japan-China relations run into difficulty, we should recall the words of the late Premier Zhou Enlai. In October 1962, I visited China for the first time since its liberation as the deputy leader of a Japanese delegation headed by Tatsunosuke Takasaki. Our purpose was to conclude a trade agreement on the basis of the talks conducted between Premier Zhou and Kenzo Matsumura in September

1962. Together with several members of the delegation, I met with Premier Zhou in the State Council building. The gist of Premier Zhou's statement on that occasion was as follows:

"I wish that both China and Japan will recognize each other's political system but will not intervene in each other's affairs. I wish that the two countries will join hands and strive for the prosperity of Asia. The two countries will not join hands to attack other countries. We wish to have peace with other countries. We shall expand our trade relations with Japan patiently, and gradually build our way up to the restoration of diplomatic relations."

During this meeting, Premier Zhou made an extremely important statement, every word of which I will never forget. He said, "During the 80 years since the Sino-Japanese War, Japan has repeatedly worked aggression on our country and inflicted great losses upon us in both life and property. The loss after the Manchurian Incident was particularly enormous. We bear a strong grudge against Japan for

		principle of no severance of economy from politics
1960	July 29	Chinese delegation visits Japan to attend anti-nuclear rally sponsored by Japan Congress Against Atomic and Hydrogen Bombs (first mission since Nagasaki flag incident)
	Aug. 27	Premier Zhou and Kazuo Suzuki, director of China-Japan Trade Promotion Association meeting in Beijing, confirm three principles of Japan-China trade

1961	Dec. 12	"Friendly trade" begins (by Japanese trading firms regarded by China as "friendly")
1962	Apr. 15	"Friendly" trading firms take part in Kwangchow trade fair for first time
	Nov. 9	Takasaki and Liao Chengzhi, president of China-Japan Friendly Relations, conclude first-year LT trade agreement
1963	Aug. 20	Government approves Kuraray's vinyl plant export on deferred payment basis
	Oct. 5	Japan industrial fair opens in Beijing and

	Oct. 7	Shanghai Zhou Hongqing, member of Chinese trade mission visiting Tokyo, sought political asylum in Taiwan but later changed his mind and returned to China. The incident strained relations between Japan and Taiwan
1964	Apr. 19	Liaison offices for LT trade mutually set up. Newsmen exchange agreement signed
	May 30	Former Japanese Prime Minister Shigeru Yoshida sends letter to Taiwan pledging not to use official credits for



Japan-China joint communique signed on Sept. 29, 1972, announcing the long-cherished dream of restoring diplomatic ties between the two nations.

the damage it has wrought upon us. However, compared with the 2,000 years of Japan-China friendship, 80 resentful years is a very brief interlude. We are trying hard to forget our resentment. We will forget our resentment and hope that China and Japan will join hands to build a strong Asia. We do not want to make Asia strong to attack others. If any country outside Asia should ever threaten Asia in the future, let us join hands and thwart it."

After making this statement, Premier Zhou turned to me and asked, "How about it?" I was taken aback momentarily by the sudden question, but, recalling an incident from the history of China's ancient age of civil wars, I replied that China-Japan relations should be as Premier Zhou had said.

The Lessons of History

The historical episode which I recalled was as follows:

During the period of civil war in China (around 300 BC), there were two prominent men in the country of Zhao. One was State Minister Lin Ziangru and the other was Army General Lien Po. Because State

Minister Lin had performed meritorious service when he went to the strong country of Tai as an envoy, he was appointed to a position higher in rank than General Lien. Angry over State Minister Lin's exceptional promotion, General Lien tried to humiliate him. State Minister Lin admonished General Lien, saying, "If we two quarrel now, we would only endanger the position of our country and benefit our strong neighbor. Neither of us will be able to live." General Lien apologized and the two men afterwards became sworn friends.

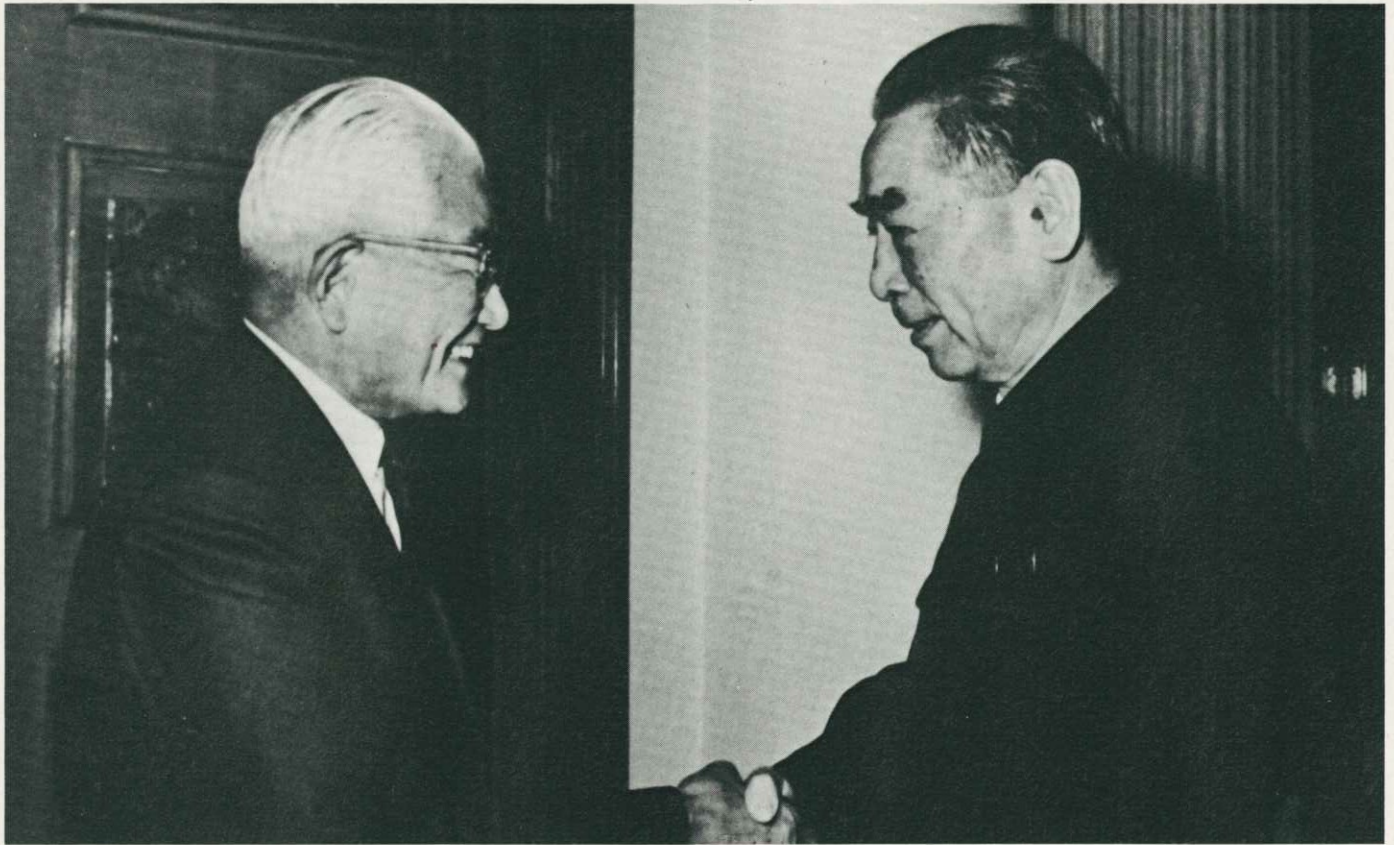
Around 1962, Japan adopted an anti-communist line and followed the U.S. policy of containing China. However, deeply impressed by Premier Zhou's statement, I renewed my resolve that Japan should restore diplomatic relations with China as soon as possible and strive in cooperation with it for the prosperity of Asia. Ever since then, the words of Premier Zhou on that occasion have served as the basis of my outlook on China, and I have become more and more inclined to subscribe to his views.

As I said before, we cannot say that everything is going smoothly and satisfactorily between Japan and China today.

Enormous problems may arise in the future. These notwithstanding, however, Japan and China must settle all their problems correctly and amicably and establish a firm and everlasting friendship that we can bequeath to our descendants until the end of time. If we should err in handling these problems, it would be a calamity not only for our two countries and their peoples but also for the whole of Asia; it would bring a long period of tribulation upon all the peoples of the region, including the Japanese. I believe that whenever a difficult problem arises between Japan and China, we should always return to the Japan-China Treaty of Peace and Friendship concluded in 1978 and seek a solution based on its spirit. If we recall the words of Premier Zhou Enlai to which I referred earlier, we will surely find in them a valuable hint as to the action we should take.

The continuing international tension makes it difficult to predict the future of the world. Some experts say the world's total military expenditures amount to as much as \$650 billion a year. This means that the world is spending for armaments every year a sum equivalent to 2-3 years of Japan's national budget. The arms race

1965	Feb. 23	exports to China Liaison Conference for Normalization of Japan-China Relations organized	Apr. 23	Japan and China agree to settle trade deals in French franc	1971	Sep. 15	Business mission from Kansai (Osaka) area visits China.	
1966	Aug. 8	Japan Communist Party criticizes Chinese Communist Party's policy	1969	Nov. 6	Japanese trade officials stationed in China expelled on spy charges	Nov. 12	Delegation of Tokyo business leaders visits China	
1967	Feb. 27	Protocol on friendly trade signed	1970	Apr. 19	China lays down four conditions for Japan-China trade	1972	Aug. 18	Bank of Tokyo and Bank of China agree on yen-yuan settlement of trade transactions
1968	Mar. 6	Communique announced on memorandum trade (MT) replacing LT trade arrangement, confirming no separation of economy from politics	Aug. 18	China scraps contracts with Japanese firms taking part in "Japan-Taiwan Cooperation Committee"	Aug. 23	Japanese business mission, headed by Nippon Steel Corp. president Yoshihiro Inayama, visits China	Sep. 29	Japan-China joint statement signed in Beijing between Japanese Prime Minister Kakuei Tanaka and Chinese
			Dec. 9	Suprapartisan Dietmen's League for Normalization of Japan-China Relations organized				



The late Chinese Premier Zhou Enlai (right) meets with Japan's former Foreign Minister Aichiro Fujiyama (Oct. 20, 1972).

between the superpowers of the West and the East, the United States and the Soviet Union in particular, have far-reaching implications for Japan, China and all Asia. I think this is an awesome problem. It seems that Premier Zhou had foreseen today's world situation.

Natural Partners in Progress

I think the times call for Japan and China to join hands in leading Asia and opposing those forces which are trying to

transgress upon the region. There are many things which Japan and China could do. In order to build up their respective national strengths, Japan can cooperate in China's current modernization drive by providing the necessary facilities, technology, funds and personnel training, while China can assure Japan of stable, long-term supplies of such natural resources as crude oil, coal and food. It can be said that China is Japan's lifeline and Japan is China's lifeline. Both countries should keep this firmly in mind and mutually recognize each other's existence. If

both countries do without fail what it is in their power to do now, the accumulation of such acts will surely pay enormous dividends in the future.

When Premier Zhao Ziyang visited Japan earlier this year, he proposed three principles on which to base Sino-Japanese relations—peace and friendship, equality and reciprocity, and long-term stability. If these ideals are made the foundation of political and economic relations between the two countries, solutions can surely be found for even the thorniest problems. Looking to the future of Sino-Japanese

1973	Oct. 29	Premier Zhou Enlai, restoring diplomatic ties between two countries MT trade arrangement made for final year of 1973	1974	Jan. 5	Japan (leader: Liu Xiwen) Japan-China trade agreement signed in Beijing	1978	Feb. 16	Japan-China long-term trade agreement signed
	Nov. 22	Japan-China Association for Economy and Trade inaugurated		Apr. 20	Japan-China civil aviation agreement signed		Aug. 12	Japan-China Treaty of Peace and Friendship signed in Beijing between Japanese Foreign Minister Sunao Sonoda and Chinese Foreign Minister Huang Hua
	Dec. 25	First plant contract using Export-Import Bank of Japan credit concluded		June 3	Nippon Steel contracts to export large strip mill			
	Jan. 11	Japan opens embassy in Beijing	1975	Nov. 13	Japan-China shipping agreement signed	1979	Feb. 26	China shelves plant import contracts with Japanese firms
	Feb. 1	China opens embassy in Tokyo		Apr. 16	Bank of Tokyo and Bank of China sign accord on yen-yuan futures		Oct. 22	Chinese Vice Premier Deng Xiaoping visits Japan
	Sep. 11	Chinese economic and trade mission visits	1976	Mar. 8	China opens consulate general in Osaka		Dec. 5	Japanese Prime Minister Masayoshi Ohira visits
			1977	Sep. 29	Japan-China trade mark			



Chinese Premier Hua Guofeng visits a Japanese computer firm during his first visit to Japan in May, 1980. The Science and Technology Agreement was concluded on the occasion of his trip.



By Song Zhiguang
*Ambassador Extraordinary and
 Plenipotentiary of the People's Republic
 of China*

The year of 1982 marks the 10th anniversary of the normalization of diplomatic relations between China and Japan—the result of the combined efforts of the people and governments of our two countries. Since then, the relations between our two nations have entered a new stage of development.

In these 10 years, our economic and trade relations, like those in other areas of mutual cooperation and exchanges, have witnessed remarkable progress. In the trading sector alone, two-way trade between China and Japan jumped nearly tenfold, from \$1.1 billion in 1972 to \$10 billion in 1981. Although there was a general slowdown in world trade in 1981, bilateral trade between China and Japan rose by 10 percent.

During the last decade, the economic and trading relationship between our two countries has shown steady progress in terms of scope and complexity. Both the content and pattern of transactions have become richer, more varied. In our bilateral trade, we have gone beyond conventional export-import transactions; we are now in the process of developing more diversified forms of trade, such as cooperative joint production and compensatory trade.

One particularly gratifying result of Sino-Japanese cooperation over the past 10 years has been our joint efforts to exploit natural resources. In energy, our joint project to develop the Bohai Gulf oil field is making smooth progress, and oil is now gushing from three separate oil wells. In the South China Sea oil field, two Japanese oil firms—Japan Petroleum Development Corporation and Idemitsu Petroleum Development Company—participated in prospecting work and later joined in international bidding for development rights. Likewise, initial steps to

relations on the occasion of the 10th anniversary of the restoration of diplomatic ties between Japan and China, I believe that the words of Zhou Enlai and the principles proposed by Premier Zhao Ziyang should be our cornerstone. Our greatest task is to further advance the present good relations between our two countries, a task that is necessary not only for Japan and China but for all of Asia.

In conclusion, I would like to express my view that all Asian nations should contribute their technology, materials and capabilities to form an Asian Economic

Community (AEC) for the prosperity of the entire region. This is a thought which occurred to me before the Second World War when I saw the poverty of Asia. I think today is the time when this idea could be implemented. Of course, there would be many difficulties, but if all the nations resolved to join together, putting aside their small differences, I am confident that the progress of the countries of Asia would be accelerated, leading to the stability and prosperity of all Asia, including Japan and China, and eventually to peace throughout the world.

1980	May 27	China (accompanied by Foreign Minister Okita, etc.)	1981	Dec. 16	closed. Notes exchanged on ¥56 billion yen credits and joint press statement issued
	May 29	Chinese Premier Hua Guofeng visits Japan (till June 1) together with Vice Premier Gu Mu, Foreign Minister Huang Hua, etc.		Mar. 26	Second Japan-China ministerial conference adopts joint press statement. Agreements signed on ¥300 billion financial aid and ¥60 billion yen credits
	Dec. 5	Japan-China Oil Development Corp. and Chengbei Oil Development Corp. sign contract with China Petroleum Co. on exploration of oil in southern and western parts of Bohai Bay		May 31	Japan and China sign agreement on ¥60 billion yen credits for fiscal 1981
		First Japan-China ministerial conference			Chinese Premier Zao Ziyang visits Japan

Ten Years of Sino-Japanese Economic and Trade Relations - Achievements and Prospects

jointly develop coal, non-ferrous and rare metals and other mineral resources have also been encouraging. Progress is also being made in joint ventures set up by our two countries.

But it is in the financial sector that cooperation between our two countries has been quite active in recent years. Since 1979, China has been the recipient of loans from both the Japanese Overseas Economic Cooperation Fund and the Export-Import Bank of Japan. We have used these funds for the development of coal and other resources, and the construction of railway lines and ports in order to expand our exports to Japan. In addition, we are also seeing encouraging progress in our effort to reform old Chinese plants and enterprises as well as progress in many other fields of Sino-Japanese economic cooperation.

Following the normalization of diplomatic relations, our two countries concluded a series of government agreements covering bilateral ties in such areas as trade, aviation, maritime transport, fishery, culture, and science and technology. In addition, the Sino-Japanese peace and friendship treaty was signed in 1978. While starting from 1980, two regular governmental meetings have been held in which officials from our two countries not only exchanged views on bilateral relations and international issues of mutual interest but also discussed ways to further widen the scope of economic and trade cooperation between our two countries. All these efforts have created favorable conditions, and have laid down a solid foundation, for further developing the friendly and cooperative relations as well as the economic and trade transactions between our two countries.

In May this year, Premier Zhao Ziyang paid an official visit to Japan. During his stay here he put forward three guiding principles, which were later endorsed by Prime Minister Zenko Suzuki, concerning Sino-Japanese economic relations: peace and friendship, equality and mutual benefit, and long-term stability. Affirmed by government leaders of both our countries, these three principles are of lasting importance for consolidating and developing bilateral economic and trade relations. Moreover, they also serve as the basic guideline for long-term, stable relations of cooperation between our two countries.

China and Japan, separated only by a strip of water, are close neighbors with a history marked by 2,000 years of friendship. It is true that bilateral relations over the past century suffered a period of great tragedy, brought on by Japanese militarism in a war of aggression that not only wrought great destruction upon the Chinese people both in human lives and property but also brought great suffering to the Japanese people. Yet, in the spirit of the Chinese saying, "Past experience, if not forgotten, is a guide for the future," and the spirit of adopting a forward-looking attitude, the Chinese people and the Chinese Government have always wished to maintain good-neighborly relations with Japan for generations to come. The three guiding principles put forward by Premier Zhao have in fact served to once again reiterate the sincere desire of China.

It has been our firm conviction that favorable climatic, geographical and human conditions prevailing in our two countries present a unique opportunity for greater economic and trade cooperation. On the one hand, China is generously endowed with vast expanses of land, a large population and abundant natural resources. On the other, Japan possesses advanced scientific and technological skills and experience in economic management. With such complementary attributes prevailing in our two countries, we are convinced that, if properly managed on the basis of equality and mutual benefit, our two economies should be able to attain further development. What is more, under the prevailing world situation, such cooperation between China and Japan is not only in the fundamental interest of both our peoples, but also of vital strategic importance for promoting prosperity, stability and peace in the whole of Asia.

At present, the economic situation in China is going well. Readjustments in the national economy are yielding remarkable results, and the economy is now well established on the path of steady development. In undertaking to modernize China, our policy is to rely mainly on our own efforts. But we are also willing to strengthen cooperation with foreign countries and introduce advanced technology, management skills and capital funds from various nations on the basis of equality and mutual benefit. We will, therefore, continue our present open economic

policy toward foreign countries.

The period between 1981 and 1986 falls within our country's sixth five-year plan. The main objective of this plan is to achieve compatible development in both the industrial and agricultural sectors. Some 400,000 enterprises have been slated for overhauls of plant and equipment to bring in better technologies.

Another aim of the 1981-86 five-year plan is to clear up the two main bottlenecks impeding our national economic development—energy and transportation. In all these undertakings we look forward to further cooperation between our two countries.

In short, it is our belief that any progress made in the process of readjustments in our national economy and the "four modernizations" program will be accompanied by further development of China's foreign economic and trade relations. In this respect, a great future lies ahead in the field of economic and trade relations between China and Japan.

An anniversary provides a special occasion for reviewing the past and planning for the future. At this moment when we are celebrating the 10th anniversary of the normalization of our diplomatic relations, our thoughts naturally turn to those Japanese friends who made invaluable contributions in bringing about this great event and to those in Japanese financial circles who pioneered and developed the economic and trade ties between our two countries. We are particularly grateful to the late Kenzo Matsumura, Tanzan Ishibashi and Tatsunosuke Takasaki for devoting the last years of their lives to this great cause. Our memory of them and many other friends in the Japanese business world will never fade.

While we treasure the achievements made over the past 10 years, we look forward to greater things to come. Let us follow the path blazed by our predecessors and, on the basis of the 1972 joint communiqué and the 1978 peace and friendship treaty, join in our efforts to achieve the steady development of our friendly and cooperative ties, to further develop the economic and trade relations between our two countries, to make greater achievements during the second decade of our diplomatic relations and to promote friendly relations between the people of China and Japan for future generations. ●