



# Japan

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## Ohira, politely, turns down Carter's request

Hitherto the Ohira administration of Japan has bent over backwards to accommodate the foreign and economic policy of the Carter administration even when that meant real hardship for Japan, such as in the trade talks. This week, Japan said "no" to Carter. It refused to go along with the United States on sanctions against either Iran or the U.S.S.R.

Carter sent former Undersecretary of State Phil Habib to Japan to persuade the Foreign Ministry to support sanctions despite the fact that Premier Masayoshi Ohira and the Foreign and Trade Ministers were all out of the country. One Trade (MITI) official remarked: "We will treat him [Habib] nicely and see him off at the airport, but basically we want nothing to do with really tough sanctions that we don't believe will work or can work, and are not in the interests of Japan."

Ohira himself told his host Malcolm Fraser of Australia: "It is difficult for Japan to cooperate fully with the United States in imposing economic sanctions against Iran."

While Habib was in Tokyo trying to persuade Japan to relinquish a \$4-billion per year market and a source of raw materials in the U.S.S.R., representatives of four steel companies led by Nippon Steel arrived in Moscow to discuss a deal for 700,000 steel pipes. If concluded, the deal would be financed in part by Japan Export-Import Bank funds and negotiators report that there has been no government interference in the talks. Earlier this month, the cabinet decided against breaking off four current multibillion dollar resource development projects in Siberia or scuttling talks for an additional three. They left their chastisement of the U.S.S.R. to verbal protests and a vague indication of possible future economic repercussions. The closest Carter got to Japanese agreement to act against the Soviet Union was a statement that Japan would watch the European response closely and perhaps take economic action if Europe did.

As Japanese officials well anticipated, the Europeans were not about to take any action, and are being relatively more open about their repudiation of Carter's lunatic trade war course than the Japanese have so far dared. Europe, with very significant trade and financial links to the Comecon nations, has even more to lose than the Japanese in the event of serious trade or credit restrictions regarding the Soviets. And even as Nippon representatives arrived in Moscow to negotiate the provision of steel pipe, West Germany's giant Krupp steelmaker was finalizing a mammoth \$20 billion deutschemark accord for a steel pipeline in the Siberian gas fields.

Japan Chamber of Commerce and Industry President Shigeo Nagano, a venerable kingmaker in Japanese politics, has led the campaign against sanctions against the Soviet Union. Prior to the cabinet's meeting, he criticized sanctions on the grounds "they will hurt Japan more than the U.S.S.R." Nagano is also chairman of the Japan-Soviet Economic Committee and the former chairman of Nippon Steel. He has been a long-time advocate of promoting 5-, 10-, 15-year cooperation agreements between Western countries and the U.S.S.R., both for their economic benefit and as one means of shoring up stable, peaceful relations.

Habib fared no better with the Japanese on the Iran question. Officials from both the Foreign and Trade Ministries informed Habib that Iran had threatened a complete cutoff of oil to Japan if Japan cooperated with the U.S. on sanctions. This would include abrogation of a recently signed long-term contract for Iran to supply 12 Japanese firms with a total of 530,000 barrels per day at \$30 per barrel. Since Iran provides 17 percent of Japan's oil, the Japanese officials naturally asked Habib whether the U.S. could guarantee an equivalent supply following an Iranian cutoff. Habib had nothing to say.

The flat rejection of U.S. demands, including by the usually accommodating Foreign Ministry, marks the first contradiction of U.S. strategy since Japan endorsed the China card a year ago. A very real fear in Tokyo that U.S. policy could produce war forced the shift. With U.S. Defense Secretary Harold Brown having just endorsed—de facto—a new Chinese invasion of Vietnam, the next move to watch is whether Japan supports the invasion as it did last year, or condemns it out of fear of the growing war danger. More fundamentally, will the Ohira administration back off from the "Pacific Community" policy of a Japan-China-ASEAN (Association of Southeast Asian Nations) alliance against the U.S.S.R. now being pursued by Ohira in realization that that policy, like U.S. National Security adviser Brzezinski's "arc of crisis" policy in the Middle East, exacerbates the danger of war?

—Richard Katz