

## HANOI'S NEWEST FRIEND: TOKYO

Since it invaded Cambodia in late 1978, Vietnam has become a political and economic pariah in the world community. Over the past nine years, the vast majority of Western powers have pledged to maintain embargos on Vietnam until Hanoi removes its 140,000 soldiers from Cambodia. With its economy in shambles and the Soviet Union forced to pour over \$2 billion a year into its proxy, Vietnam has long sought to break this economic isolation. It is doing so through a surprising new friend: Japan.

**Cambodian Invasion.** Immediately after Vietnam's Cambodian invasion, Tokyo halted all official economic aid to Hanoi. Some \$135 million in Japanese grants and concessionary loans would be frozen, it was vowed, until Vietnam withdraws its forces from Cambodia. Japanese exports to Vietnam fell from \$220 million in 1978 to \$120 million the following year. Similar actions against Hanoi were taken by the United States, almost all Western nations, and the members of the Association of Southeast Asian Nations or ASEAN.

Since 1982, however, Japan's economic ties with Vietnam have grown increasingly closer--despite the fact that 140,000 Vietnamese troops still occupy Cambodia. In a rush to capture the Vietnamese market, Japan's trade with Vietnam now is about \$230 million, surpassing the pre-Cambodian invasion levels. Of even greater help to Hanoi is the substantial development assistance from such Japanese private concerns as Nissho Iwai Corporation, the sixth largest Japanese trading company, which deals in metals, machinery, oil, textiles, food, and raw materials. After receiving permission to build a permanent office in Hanoi, Nissho Iwai reached an agreement this February to help Vietnam develop agriculture, fisheries, and oil fields. The Japanese firm also is believed to be ready to give Hanoi long-term credits for the purchase of Japanese train carriages.

**Budding Friendship.** Private Japanese assistance to Vietnam extends far beyond Nissho Iwai. An 83-member Japan-Vietnam Trade Association (JVTA) has been formed to extend assistance and long-term credit to Vietnam. The JVTA also is financing the joint construction of a three-story office building in Hanoi to house foreign companies. A Japan-Vietnamese Economic and Technical Joint Committee was set up this March 5th to aid Vietnam by developing its production of commodity and consumer goods and by expanding its exports. Negotiations are under way to set up Vietnamese equipment and computer industries for re-export to the Soviet bloc. Japanese trade exhibitions in Ho Chi

Minh City (Saigon), Japanese tours of the Angkor Wat Temple in Vietnamese-occupied Cambodia, and the rescheduling of \$200 million in Vietnamese debt by Japanese banks add to the budding Tokyo-Hanoi friendship.

The Japanese government claims that while it does not support the growth of Japanese interests in Vietnam, it cannot interfere with the private trade of Japanese firms. Yet Japanese Foreign Ministry officials routinely visit Hanoi. And the six ASEAN countries--Brunei, Indonesia, Malaysia, the Philippines, Singapore, and Thailand--sent a joint protest to Tokyo on April 24 citing their deep concern over the substantial technology transfers and wide range of development projects being offered Vietnam by the Japanese. ASEAN correctly sees these activities as severely undermining the efforts of the international community to pressure Vietnam to withdraw its military forces from Cambodia. Economic isolation remains an important, perhaps critical, part of this effort.

**Reducing Leverage for American MIAs.** So far, Washington has been largely silent on Tokyo's implicit support for Hanoi. While Alan Keyes, U.S. Assistant Secretary of State for International Organizations, expressed U.S. sympathy for ASEAN on April 20 in Bangkok, the U.S. did not bring up the subject during Japanese Prime Minister Yasuhiro Nakasone's visit to Washington last week. It is now time for the U.S. to speak out and to support ASEAN in its protest to Tokyo. Not only does Japanese trade break Vietnam's isolation, it makes Hanoi less willing to scale down its close ties with the Soviet Union and withdraw its forces from Cambodia. Japanese-Vietnamese trade also reduces significantly the economic leverage the U.S. is trying to use in obtaining a final accounting from Hanoi of the 2,500 Americans still missing in action in Vietnam.

The U.S. should stress to Tokyo the Free World's resolve to maintain an economic and political embargo of Vietnam so long as it remains a Soviet proxy in Southeast Asia. The U.S. should demand that the Japanese government do all that it can to dissuade Japanese private concerns from dealing with the Vietnamese government. Japan's eagerness to turn a profit should not be allowed to undercut the patient, unified efforts of the international community to bring peace to Southeast Asia. Japan must recognize, moreover, that in breaking ranks, Tokyo prolongs regional instability and harms U.S., ASEAN, and Japan's own political and economic interests in the region.

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For further information:

Barbara Crossette, "Japanese Rebuked for Increasing Trade to Hanoi," The New York Times, May 3, 1987, p. 6.

"First In, First Served in Vietnam," Asiaweek, November 30, 1986, p. 54.