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Abstract

North Korea is still a strictly secluded state and little is known of its past and present though recent research using documents from countries in the former Soviet bloc has produced a number of breakthroughs especially in the discussion of the origins of the Korean War. Among others, history of relations between North Korea and Japan is most unexplored. One might assume that North Korea has had little interest in developing relations with Japan because of the adversary political ideologies between them. Focusing on the early history of North Korea, the present paper demonstrates that this assumption is quite wrong. North Korea needed the Japanese industrial products and technical know-how from the start of its state formation. This gave its leader, Kim II-sung a good economic reason for establishing official relations with Japan. However, in the early period, he had little political power to execute his own policy toward Japan. His action had to follow the Soviet grand strategy toward the West. By 1961 he achieved a great success in his attempts. This afforded him a promising prospect for the military built-up using Japanese products, that is, developments of the nuclear and missile programs in the later periods.

1. The Background

By the end of World War II the northern part of the Korean Peninsula grew into an important industrial area in the Japanese Empire. Because of its rich hydraulic and mineral resources, the Empire constructed there a wide range of industrial facilities including a large scale of power plants and a chemical complex since the 1920s and also steel mills and aluminum refineries for military use after starting war against the US. A large number of Japanese engineers worked there while machines and parts were imported from Japan.¹

To a complete surprise to most Japanese people, Joseph Stalin declared war against Japan on 8 August 1945 (Japanese local time). The Red Army invaded Manchuria and Korea from the north. By the 20th of the same month the region north of the 38 parallel in the Korean Peninsula, the present North Korea, was occupied by the Red Army. To organize a Korean communist-led government, Stalin appointed the young Kim Il-sung to its head. Kim joined the anti-Japanese movements near the Korean-Manchurian border in the 1930s. He then fled to East Siberia under Soviet rule, got in custody of the Red Army and eventually was granted the Army title of lieutenant. Thereafter Kim earned Stalin's endorsement as a leader of the Korean communists and entered North Korea on 19 September on board a Soviet warship.²

For the Japanese engineers in North Korea, the sudden end of the war was totally unexpected. They stopped operating factories because there was no longer need for the production. The Soviet occupation force confiscated all properties of the Japanese, that is, land, industrial facilities, shops, homes, valuable personal belongings and others. It dismantled some major factories such as aluminum refineries and shipped the equipment to the Soviet Union. The dismantling, however, did not last long nor took place on a large scale. Stalin had no intention to wipe out the manufacturing industry from North Korea. On the contrary, he thought that it should be an important asset to be used for building a Korean communist nation that would have a significant military might and stand against the free world in East Asia. Thus the Soviet occupation force and Kim Il-sung, representing Korean communists under its guidance, tried to restore the industrial production in North Korea as quickly as possible. For this purpose, they kept the Japanese nationals, especially engineers, from returning to Japan. Many Japanese engineers agreed to work in the same factories as before and got paid for their work. In Pyongyang alone, the remaining Japanese engineers exceeded 2,000 in total in early 1946.3 They were registered at the Soviet military headquarters in Pyongyang by the order of the Commander.

The operation of major factories was restored as a result of the mobilization of Japanese engineers and Korean workers but never returned to the pre-war levels. There were acute shortages of parts and materials while circulation of goods and money were thrown into great confusion. Under these circumstances, for instance, the Chongjin Iron Works produced iron ore in 1947 one-third as much as that in 1944.⁴

The Japanese engineers did not give up returning home. They repeatedly asked the Soviet Commander for permission to leave. In the meantime, many Japanese, both engineers and non-engineers, fled to the south even on foot or by a small boat chartered privately. As a result, the Japanese engineers in North Korea fell substantially in number by 1948. This increased the difficulty in restoration of the industrial production.

2. Informal Trade Between Japan and North Korea from 1946 till 1956

After August 1945, formal trade between Japan and the Continent came to a halt. The strong demand on the Continent for Japanese manufactured products, including repair parts for maintenance of industrial facilities constructed by Japanese firms before the war, had to be met by all means. Against this backdrop, smuggling became rampant. A report of the Japanese maritime customs in Kobe Port stated: "Before the war smuggling took place only sporadically, on a small scale, conducted by seamen or stevedores but after the war the situation changed drastically - it became a well-planned, organizational business." In 1947-48, 820 cases of smuggling between Japan and the Korean Peninsula were reported by the Japanese authorities. A major item of smuggling from Japan to North Korea was electrical appliances. This smuggling was not totally private business. The Soviet occupation force in North Korea set up, jointly with the North Korean administrative body, a trading firm, Choseon Sangsa (the Korea Commercial Company), in charge of imports and exports from and to the Soviet Union, China, Hong Kong, Japan and other countries in Asia. According to the Japanese intelligence service, members of this Company, who were also members of the Communist Party in North Korea⁸ entered Japan secretly and purchased industrial goods such as bearings and parts of generators, medicines, and books on engineering and technology and shipped them to North Korea.9

On the Japanese side, the Japan Communist Party (hereafter, JCP) was involved deeply in smuggling of both men and goods into and out of Japan using chartered small boats, which they called People's Fleet. Korean residents in Japan made up an active part of the Party. They established a close intelligence link with the communists in North Korea and helped the members of the Company above and other North Korean agents to fulfill their missions in Japan. Principal figures of them were Kim Ch'onhae and Kim T'oyong - both secretly moved out of Japan to North Korea between 1947 and 1950. Han Doksu, who later, in 1955, played a central role in forming a Korean resident organization in Japan loyal to Kim II-sung,

Ch'ongryon (General Federation of Korean Residents in Japan), was also among them.

In September 1948, Democratic People's Republic of Korea (DPRK) was formally created in North Korea. Kim II-sung became head of the state. The Red Army withdrew completely from North Korea by the end of that year. Kim II-sung pushed for strengthening intelligence, and activities of North Korean agents in Japan increased. In September 1950 the Japanese police arrested a key agent for North Korea. This agent was dispatched by a North Korean intelligence agency, the Bureau of Political Safety, to gather information on activities of the US occupation force in Japan. In July 1956 the Japanese police arrested another key agent for North Korea. He had lived in Japan before the war and joined the proletarian cultural movement, together with Kim T'oyong. After the war he crossed to North Korea and worked as editor of the organ of the North Korean government, *Minju Choson*. He wrote a book praising Kim II-sung, *The Victorious General, Kim II-sung* and gained his trust. In August 1953, he made a secret entrance to Japan via Shanghai. His mission was to collect information on Japanese politics and economy, focusing on the prospect of commercial relations between Japan and North Korea.

In August 1956, a Korean resident in Japan, formerly a JCP member, illicitly shipped the following Japanese products to North Korea: transceivers, microscopes, sewing machines for industrial use, fishing nets, Manila ropes, wire ropes, drawing instruments and ship's bottom coating. This agent was taken into custody by the Japanese police in the following year.¹⁴

3. Formation of Cocom and the Soviet Bloc's Response

The US government provided, on the basis of the Lend Lease Act, a large amount of aid in armaments, machines, industrial materials and agricultural products to the Soviet Union during WWII, to support Stalin in his war against Hitler. After the war, as the conflict with the Soviet Union grew, the US changed its policy to containment of the Soviet bloc. In 1947-48, the US Department of Commerce introduced new export licensing regulations. In the following year the US Congress enacted the Export Control Act. These measures intended to ban US exports to Eastern Europe and the Soviet Union of materials and machinery used for production of armaments and strategically important products such as metals, trucks and rails.

Between late 1949 and early 1950, the West secretly established the Coordinating Committee for Multilateral Export Control (Cocom) to control exports to the Soviet bloc across-the-board. At first the US, Britain, France, Italy and Benelux joined this organization and soon afterward Norway, Denmark, Canada and West Germany did. Japan became its

member in 1952 when it regained national sovereignty.

At the outbreak of the Korean War in June 1950, the US banned, applying the Trading with the Enemy Act, all merchandise and financial transactions with North Korea. In October 1951, the US Congress passed the so-called Battle Act. This Act forbade the US government to grant aid to the countries exporting to the Soviet bloc the products controlled by the US. West European countries wished to expand their exports to the Soviet bloc in order to propel economic reconstruction at home. The Battle Act pressed the governments of those countries not to engage in such policy.

In June 1953, items controlled by Cocom were recorded at 433 in total, of which 263 were unconditionally banned of exports, 110 were strictly and 66 were lightly regulated. ¹⁹ Further, the US had 182 more items on its embargo list targeting the Soviet bloc. This raised the value of regulated products as a whole in the world trade substantially, as Adler-Karlsson estimated that at less than 5% in 1950 to 30-70% in 1953. ²⁰ As a result, the US exports to the Soviet bloc shrank from 693 million dollars in 1947 to 64 million dollars in 1950 and almost to nil in 1953. ²¹

This containment gave a hard blow to the Soviet bloc in gaining power to withstand the West. Breaking it became an important diplomatic objective for the Soviet Union. The Soviet Union formed Cominform in October 1947 and under its guidance, organized the World Peace Council. From Japan Gitaro Hirano and Ikuo Ohyama participated in this Council. Hirano was a former associate professor at the University of Tokyo, teaching the Marxian economics and was actively involved in political movements in close association with JCP. Ohyama was also very close to JCP, serving before the war as chairman of the Worker-Farmers Party controlled by JCP. The World Peace Council held its first meeting in East Berlin in February 1951. At this meeting, the Council appealed to various circles in the West the benefits of East-West trade for the world peace and also adopted a proposal to organize a large scale meeting, the International Economic Conference, in the Soviet Union scheduled for the summer of the same year. Specifically, this Conference aimed, convening politicians, economists, business leaders, engineers and officials of labor unions and cooperative organizations worldwide, to discuss issues such as raising the standard of living of peoples through "peaceful cooperation" and improving economic relations between nations.

The International Economic Conference, after being postponed twice, was held in Moscow from 3 till 12 April 1952. Participants reached 471 in all, from 49 countries including the Soviet Union, East Europe, Britain, France, West Germany, the US, Japan, India, China and North Korea.²⁵ From the US, O. Vickery, chairman of the Association for the Export and Import of Chemical Products for Electric Materials, and other 11 people attended, from Britain

25, including Lord Boyd Orr, former secretary general of theFood and Agricultural Organization (FAO), S. Silverman, Labor MP and D. R. Lorimer, managing director of the North British Locomotive Company, and from China 45, Nan Hanchen, Governor of the People's Bank of China and others.²⁶ From France and Poland attended E. Renault, CEO of Renault and O. Lange, a renowned economist, respectively.

In Japan, Hirano played a leading role in organizing an arrangement committee to send delegates to the Conference. Business leaders and politicians such as Shozo Murata, former president of Osaka Shosen (the Osaka Mercantile Marine Company) and Tanzan Ishibashi, former finance minister joined it.²⁷ As the arrangement proceeded, the Soviet Union offered to carry the delegates endorsed by the committee from Tokyo Port to the Russian territory by a Russian vessel.²⁸ However, the conservative government led by Shigeru Yoshida refused to issue passports to the delegates. The government shared a common notion with the Western conservatives that the Conference aimed at a strategic peace offensive by the Soviet Union.²⁹ As a consequence, Tomi Kora, a female legislator alone managed to attend the Conference from Japan, entering Moscow via Europe.³⁰

North Korea sent a number of delegates to the Conference. During the discussions, they strongly condemned the US for its military actions in North Korea, especially accusing it of the use of biological weapons.³¹ On the other hand, they urged the need of trade between North Korea and the West as follows:

Trade between our nation and the capitalist world has almost come to a halt. But it would be very difficult to mention names of countries that need foreign trade more than [North] Korea. Korea needs a large amount of products of many kinds to reconstruct its economy damaged thoroughly by the war. Primary needs are for machines, motors, lathes, railway equipment, wool and wool products, rubber, soy beans and medicines. If peace restores, our Republic will be able to export the following products: iron ore, magnesite, anthracite, ammonium sulfate, caustic soda, rice, maize, apples, carrots, fish and seaweeds. The Korean people know that the International Economic Conference will play an important role in reopening international trade. The reopening of international trade will contribute greatly to peace and more intimate friendly relationships among all nations on earth.³²

Through the almost 10 day itinerary, trade contracts worth 200 million pounds in total were concluded mostly between the West and the East, specifically, Britain and France on the one hand and the Soviet Union and China on the other.³³ In addition, forming a new trade organization, the Association for Promoting International Trade (hereafter, APIT) in each

country was decided.

Major Western media was at first suspicious of this Conference. *The Times* commented on 2 April:

One of the main purposes of the conference is presumably to persuade public opinion in the West to bring pressure upon their Governments to remove restrictions on trade in strategic materials, and generally to contrast the Russian liberalism in this respect with the terms of the American Battle Act.

But when the Conference turned out to have produced a substantial result in terms of trade contracts, the same paper on 14 April appreciated it: "[w]hatever the propaganda value of the conference as such, it was conducted with scrupulous fairness."

For neither Japan nor North Korea the Conference generated any immediate tangible outcome. However, it marked a notable event for the future development of commercial relations with each other. At the Conference Tomi Kora got invitation from the Chinese delegate, Nan Hanchen to visit China. Dropping in Beijing on the way back home, she concluded a first Japan-China trade agreement after WWII with Nan in the capacity of the representative of APIT in China, which was created right after the Conference.³⁴

In North Korea APIT was set up in October 1952. Creation of that in Japan was dated in 1954. For this, industrialists and conservative politicians interested in expansion of trade with the East joined hands with leftists such as Hirano. Japan-China Friendship Association, organized in 1950 under the strong influence of JCP, gave full support to this attempt.³⁵

4. Visits of Japanese Leftists to Pyongyang and the Statement of Nam II

In October 1953, upon invitation of the North Korean government, Ohyama made a visit to Pyongyang officially as the first Japanese citizen, since WWII. He was accompanied by Togo Kameda, a JCP member. This visit marked the end of Ohyama's long journey to communist countries. During the journey he attended the General Assembly of the World Peace Council in Hungary and further met with Foreign Minister Molotov in the Soviet Union and Prime Minister Chou Enlai in China. In Pyongyang he met with Kim Il-sung. Kim expressed to Ohyama how highly he respected the Japanese people and Korean residents in Japan fighting against the American imperialists and the Japanese reactionary rulers. ³⁶

In August 1954, Hirano visited North Korea together with Hisao Kuroda.³⁷ Kuroda was chairman of the Worker-Farmers Party, a minor leftist party founded by a group of former radical members of Japan Socialist Party (JSP) in 1948.³⁸ This visit was, again, made on the

way back from Europe: Hirano participated in the General Assembly of the World Peace Council in Berlin and visited the Soviet Union and China. In Moscow he discussed the issue of fish catching in the Sea of Okhotsk with the Soviet bureaucrats. In Pyongyang the agenda was commercial relations between Japan and North Korea.³⁹

The Japanese government issued passports to the leftists for these trips. It intended to take advantage of these opportunities to gather the inside information on the communist world in general and the conditions of the Japanese nationals still detained in the Soviet Union and China in particular.

On 22 February 1955 the North Korean government announced, through Radio Pyongyang, the following statement of Foreign Minister Nam II on the issue of relations with Japan:

The people of DPRK enthusiastically support and root for the Japanese people who have established an independent state and are striving for restoring and developing normal relations with the Soviet Union, China and other neighboring Asian countries... Both the Korean people and the Japanese people who are opposed to the war policy [of the Japanese imperialists] · · · and wish to maintain friendly relations among nations have always had goodwill with each other. The government of DPRK · · · has been ready to establish normal relations with all nations that wish to be friendly with DPRK and has hoped to promote commercial and cultural exchanges of mutual interest. The government of DPRK welcomes the recent remarks of Japanese Prime Minister Hatoyama that he is ready to improve economic relations with DPRK and to discuss [this issue with DPRK]. We are well prepared to discuss the issues of establishing and developing normal relations in trade, culture and others areas between Korea and Japan. 40

The points of this statement are that (a) the Japanese people are distinguished from the Japanese imperialists so they can be a counterpart of the North Korean people in developing friendly relations and (b) the North Korean government accepts the proposal of Hatoyama for creating close, wide-range relations between the two nations.

A spokesman for the Japanese government issued the following comment on this statement:

Up to now, Prime Minister Hatoyama has made no mention of relations with North Korea. Therefore, we consider that the statement broadcast this time represents another attempt of the peace offensive taking advantage of the remarks of Hatoyama made in reference to relations with communist countries in general. Political relations with North Korea are very hard to

develop, unlike those with the Soviet Union, because of the fact that Korea is divided into the South and the North. In view of the international status of North Korea we cannot predict a rapid development of economic and cultural relations with North Korea, even though some progress might not be ruled out if the case with Communist China is referred to. ⁴¹

Thus, the Japanese government denied what Nam II claimed to be the remark of Hatoyama. Further, it expressed an unwillingness to negotiate with North Korea with regard to economic and cultural exchanges, let alone improved political relations. It was true that Nam II distorted remarks of Hatoyama. Prior to this, in January 1955, Hatoyama at the press conference stressed the need of normalization with the Soviet Union and China and also development of commercial relations with them that would be instrumental to it. However, he stopped short of making mention of relations with North Korea. Nam II employed in the statement (a) above the same logic as that of Cominform in the peace offensive. The spokesman for the Japanese government commented rightly in this respect. On the other hand, the Japanese side gave no insight into North Korea's dire need of the Japanese industrial products and hence restoring commercial relations with Japan.

5. The Role of Japanese Leftists in the Development of Economic Relations Between Japan and North Korea

After the war, civil movements for promoting goodwill between Japan and North Korea took place in Japan. ⁴² In 1951, some Japanese citizens having interest in the Korean issues gathered together with Korean residents in Japan and set up the Japan-Korea Friendship Association. In the following year, JCP took over the leadership of this Association. In opposition to JCP, the original members defected so the Association (renamed the Japan-Korea Association, JKA hereafter) was almost disintegrated. Rebuilding it was the task of Masaharu Hatanaka.

Hatanaka lived in Harbin in the 1930s, working for a newspaper company while learning Russian. ⁴³ During the war, he stationed in Moscow as a reporter of *Asahi Shimbun*, a major daily newspaper in Japan. He came to be attracted by socialism and after the war, became an ardent supporter of the Soviet Union. For this reason, the US occupation force in Japan ordered *Asahi Shimbun* to fire him in 1950, as a case of the so-called red purge. Hatanaka then got actively involved in promoting peace movements and cultural and economic exchanges between Japan and the communist countries, thus working for the International Communist

Movement. For example, the visit of Ohyama to Pyongyang above was approved by the Ministry of Foreign Affairs of Japan after he negotiated with officials of this Ministry. In May 1955, Hatanaka himself led the Japan Peace Delegates and visited Pyongyang on his way back from China. The purpose of this visit was to discuss trade issues with North Korean officials.⁴⁴

In June the same year, right after returning from Pyongyang, Hatanaka assumed office of director of JKA. Apparently, a prior consultation with North Korean officials led to this decision. Four months later, in October, JKA held an arrangement meeting for its first national convention, which was realized in the following month. Issues of economic and cultural exchanges and repatriation of Korean residents in Japan to North Korea were discussed in the convention. From Pyongyang Korea to JKA were sent a large number of copies of North Korean magazines such as *New Korea* and *People's Korea* for free of charge. ⁴⁵ JKA distributed them to the supporters of North Korea in Japan in return for donation; the sending of magazines meant aid to JKA by North Korea. Meanwhile members of JCP provided clerical service for local chapters of JKA and JKA faithfully followed the policy of JCP toward Korea. Thus, JKA was a "front" organization of the International Communist Movement in Japan that specialized in Korean issues.

APIT in Japan created the Committee on Korea as its sub-committee and held the first meeting of it in Tokyo on 11 March 1955. This action was a response to two events: the announcement of the statement of Nam II a month before, and the visitation to Japan of delegates of APIT in China due toward the end of the same month. APIT in Japan arranged the latter event jointly with the League of Parliamentarians for Promoting Trade between Japan and China. This League was headed by Shonosuke Ikeda, a Lower House member belonging to the Hatoyama faction in the ruling Liberal Party. But it was staffed by leftists, like Kenji Matsumoto; he was an activist since the prewar period and had JCP membership. The visit of the Chinese delegates aimed to discuss not only the issue of trade between China and Japan but that between North Korea and Japan, because they unofficially represented the government of North Korea.

Hirano led the Committee on Korea in APIT. Together with Hirano, the director of the Tokyo Korean Business Association, a pro-North Korean organization, and staff of trading companies such as Toko Bussan, Toyo Menka and Haga Tsusho attended the first meeting of that Committee. Toko Bussan was founded by Ikkan Kawase in 1953. Kawase held various posts in the business circle in the prewar period, including the executives of Yokohama Rubber Company and the director of the Rubber Control Society. He got familiar with Chinese people and culture during his career and held a strong sympathy with China. In 1954 he joined in launching APIT in Japan. In the same year Toko Bussan mediated export of Japanese

ammonium sulfate and caustic soda to China, the first of its kind since the war. Toyo Menka was a major trading company continuing from the prewar period and Haga Tsusho a company specializing in business with China. In the meeting of the Committee on Korea, the director of the Tokyo Korean Business Association stated that he would fully cooperate with the Committee to promote trade with North Korea. Hirano raised the following issues: (i) resolving practical problems such as shipping and settlement, (ii) demanding of the Japanese government relaxation of the export control for North Korea and (iii) entrusting APIT in Japan and the Beijing Branch of the Korea Trading Company with all trade negotiations between Japan and North Korea.

In June 1955, the Committee on Korea decided to send delegates to North Korea. This decision was based on the following reports of a member of APIT in Japan, Takeichiro Matsuoka (chairman of Matsuoka Sangyo), who had just returned from Pyongyang: (a) North Korea shows a keen interest in trade with Japan, (b) it wishes to have Japanese delegates visit Pyongyang to conclude a trade agreement and (c) there is no problem with shipment and settlement because they can be done indirectly, that is, via China.⁵⁰

APIT in Japan dispatched a trade mission to China in September 1955. Staff of trading companies interested in trade with North Korea accompanied it.⁵¹ Thus, it was a joint mission aiming to hold talks with North Korea as well as China. On 15 October, in Beijing, through the mediation of APIT in China those companies - Toko Bussan, Wako Koeki and Toho Shokai - signed a trade agreement with the Korea Trading Company. The founder of Wako Koeki was Shogoro Takahashi, who had worked at Oki Electric Engineering Companiy in Dalien before the war.⁵² While being detained in China after the war, he was engaged in rebuilding local electric and chemical industries. He returned to Japan in 1949 and right after that, at the request of Hirano, joined the China-Japan Trade Promotion Society. This Society was organized in May 1949 and was working with the assistance of the Korea Business Association, an organization under strong influence of JCP. Takahashi at this Society took an active part in reopening trade with China. Toho Shokai was set up by Minoru Shiramizu. Before the war he took executive office at Toho Shoko, a well-known company for business with China. After the war he participated in the creation of APIT in Japan and worked for restarting trade with China. Thus, both Wako Koeki and Toho Shokai were founded by those who had strong ties with China since the prewar period and became leading companies specializing in trade with China. The Japanese intelligence agency was watching Toko Bussan, Wako Koeki and Toho Shokai as leftist firms. According to its observation, an executive of Toko Bussan and an auditor of Wako Koeki had JCP membership.⁵³

The trade agreement signed by the three Japanese companies and the North Korean state

company above stipulated that each side export products worth 5 million pounds. Listed items of exports from Japan were electronics materials such as Nichrome wires, paper, fish nets, textiles and medical and other equipment off the list of Cocom, and those from North Korea anthracite, red beans and others.⁵⁴

On 19 October 1955, in Pyongyang, the managing director of the Japanese-Soviet Trade Association, Minoru Tanabe met with the manager of APIT in North Korea. They signed a document, "Minutes on Promotion of Japanese-Korean Trade." In it North Korea expressed its intention to import from Japan such products as steel and non-ferreous metal materials, wire ropes, electric cables, machine tools, chemical products and daily necessities. ⁵⁵ The Japanese-Soviet Trade Association was established in 1952. The Japanese-Soviet Friendship Association, which was organized under leadership of the Soviet Communist Party and JCP, set up the Congress of Promoting Japanese-Soviet Trade in 1951 and after the International Economic Conference in Moscow adjourned, it was reorganized into the Japanese-Soviet Trade Association. Toko Bussan, Wako Koeki and Toho Shokai were all members of this Association. The managing director, Tanabe, was a returnee from a Siberian detention camp. ⁵⁶ This may suggest that he was a Soviet agent, like other returnees from Siberia, ⁵⁷ charged with a mission of promoting trade between Japan and the Soviet bloc. He entered the Japanese-Soviet Friendship Association in 1950 and was in charge of the trade promotion between Japan and the Soviet Union.

On 20 October 1955, Kim Il-sung met with delegates of JSP headed by Sadao Furuya, a diet member working for JKA as director. Kim and Furuya discussed relations between the two countries, including issues on repatriation of the Japanese nationals detained in North Korea and the operation of Japanese fishing boats near the North Korean coast along the Sea of Japan. They agreed to make efforts at the normalization of diplomatic relations and mutual economic and cultural exchanges, specifically, establishing trade representatives and holding merchandise exhibitions.⁵⁸

To these moves toward starting trade with North Korea, the Japanese government responded quickly. On 25 October 1955, the cabinet meeting confirmed the ban of economic and cultural exchanges with North Korea.⁵⁹ This contrasted sharply with the policy toward China, because at that time the Japanese government did not intervene in the attempts of Japanese private organizations to promote trade with China, such as signing agreements, sending delegates and holding commercial fairs. Such contrast was caused by different conditions affecting relations between Japan and these two countries. First, the international status of the two countries differed: up to 1955 no Western countries recognized North Korea while China was already recognized by Britain (in 1950). Second, South Korea and the US were strongly opposed to

the Japanese government in making any formal exchange with North Korea. Japan had yet to promote talks with South Korea toward normalization of diplomatic and economic relations with her. For the Japanese government any move adversary to it would have hampered its national interest. Third, North Korea could not be compared to China in terms of capabilities of providing natural resources and markets for Japan. Japanese industrialists had little interest in tade with North Korea.

In February 1956, Kisuke Miyakoshi, a diet member and the vice-chairman of the trade committee in JKA visited North Korea and announced the minutes on promoting Japanese-Korean trade. This gave a new stimulus to those who desired to increase the trade with North Korea in Japan. In the same month, Tanabe, the managing director of the Japanese-Soviet Trade Association started the Liaison Office for Japanese-Korean Trade. In the following month, it developed into the Japanese-Korean Trade Association (JKTA, hereafter). About 30 small and medium-sized trading companies doing business with China and the Soviet Union became members of it. Riichiro Aikawa was appointed its managing director. Aikawa used to work for Ohyama, as secretary, but had no experience with trading business. A former activist in the leftist student movement, a graduate from the University of Tokyo, entered office.

In June 1956 representatives of Toko Bussan, Toho Shokai, Wako Koeki and another trading company visited Pyongyang and concluded a new trade agreement with the Korea Trading Company. 63 On this basis, in September, North Korean anthracite was shipped to Japan. The Japanese government did not intervene in it this time, because it took the form of Chinese trade, that is, shipping from Dalian Port and settling through Bank of China. Thus, Japanese-North Korean trade, unofficial but not illicit, started. In the following month, legislators of the ruling Liberal Democratic Party accompanied by members of the Worker-Farmers Party met with high-ranking officials of the North Korean government in Pyongyang and released a joint communique on trade promotion. In the same month, Japan and the Soviet Union issued the joint declaration that marked normalization of the diplomatic relations between the two. This gave Kim Il-sung momentum in his attempt to expand trade with Japan. He invited a reporter of a major Japanese newspaper, Yomiuri Shimbun, to Pyongyang and met with him. 64 He expressed this reporter his strong hope that the normalization talks would proceed between North Korea and Japan like those between China and Japan. Kim also made concrete proposals on improving mutual economic relations, that is, an exchange of trade missions and holding of commercial fairs. 65

In September 1957, Aikawa, the managing director of JKTA, signed with APIT in North Korea a trade agreement similar to the former ones.⁶⁶ He represented JKA, JKTA and APIT in

Japan.

In May 1958, in Nagasaki, Japan, a right-wing activist intruded the assembly hall where the fair of Chinese products was being held under sponsorship of the Japan-China Friendship Association. He hauled down the Chinese national flag displayed there (the so-called Chinese National Flag Incident). This Incident developed into a diplomatic conflict between Japan and China and caused a halt of trade between the two. The Japanese-North Korean trade via Dalian stopped as well. While publicly supporting the Chinese government on this issue as an allied nation, the North Korean government worked hard, behind the scene, to resume the trade with Japan. APIT in North Korea right after the break of the trade sent telegrams to JKA, JKTA and APIT in Japan, asking for detaching this issue from the trade issue. In August, it sent telegrams to make the same request. In December, a North Korean trading company sought consultation with the Japanese trading companies about resumption of the trade.

In January 1959 Kim Il-sung met with Hatanaka who visited Pyongyang via Moscow after attending the meeting of the World Peace Council in Helsinki in December 1958. Kim said to him: "it is impossible to establish normal relations with Japan now that Japan shows unfriendly attitudes to us, but goodwill can be promoted between the peoples without state normalization and the same can and must be said about trade." Thus, Kim called for restarting trade with Japan, shelving political issues. In the following month, APIT in North Korea again sent telegrams to the same Japanese organizations as above asking for resuming the trade.

In March 1959, Soji Okada, the chief of the International Bureau of JSP visited Pyongyang on his return from China. He discussed with North Korean officials the issue on repatriation of the Korean people in Japan to North Korea. In the meantime the representatives of APIT in North Korea offered him to conclude a trade agreement. They proposed to import steel products, vessels, trucks, tires, machines, cotton cloths and silk yarn in exchange of iron ores, anthracite and graphite.⁷¹

JKTA and JKA, supported by APIT in Japan, launched a nation-wide movement for the direct trade with North Korea. They pulled politicians, industrialists and local assemblymen into it. In May 1959, together with the Federation of Korean Commerce-industrialists in Japan, a pro-North Korean organization, they organized the National Rally for Breaking the Barrier to Direct Trade. As a result, Japanese-North Korean trade restarted, via Hong Kong this time, in June the same year. This largely increased the North Korean imports from Japan in 1959-60 (Table 1).

Table 1Trade Amounts between North Korea and Japan, 1956-1960

	North Korea's imports from Japan	North Korea's exports to Japan
1956	540	68
1957	20,175	404
1958	30	9,935
1959	73,956	5,916
1960	409,522	2,910

Source: Okurasho, Nihon Gaikoku (December 1959, 1960).

In 1960, JKTA and JKA pushed for the campaign to realize transporting of traded products directly between the two countries. In Japan, since 1957, Nobusuke Kishi held premiership. As a hawkish anti-communist politician, he took a hard-line policy to the Soviet bloc, showing a strong reluctance to promote trade with that bloc. In July 1960 Kishi forced to pass the reinforced national security treaty between Japan and the US in the Diet, suppressing the strong protest from the leftists secretly aided by the Soviet Union. Amid great confusion, his cabinet resigned en masse. Hayato Ikeda succeeded him. Ikeda, a softer conservative, gave a first priority in his policy formulation to economic growth so he was less vigilant against the International Communist Movement. JKTA and JKA took this opportunity and stepped up their campaign. In April 1961, finally, the Ikeda cabinet sanctioned the direct transportation of traded products between Japan and North Korea, on the condition that no financial dealing be accompanied, that is, imported goods be paid by exported goods of the same value.⁷³

(thousand yen)

6. From Smuggling to Formal Trade: A Hidden Aim of the Peace Offensive

In his speech at the meeting of the Central Committee of the Korea Workers Party in 1959, Kim Il-sung grumbled at the delayed arrival of the imported goods from the Soviet Union and East European countries, saying: "We ordered a turning-mill before, spending a large amount of foreign currency. But it took 4 years to arrive. If we import 10 turning mills in this way it will take 40 years." Soviet documents confirm this point. In 1954 the Soviet Union delivered to North Korea no more than 51% of all equipment for fishing within the contract period. In 1957, in the Soviet Union, the Kiev Branch of the Industrial Production Project was in charge of the planning of the reconstruction project for the Songjin Iron Works in North Korea. Drawing its design was repeatedly overdue because of mal-coordination among the Soviet organizations. Thus, the socialist red tape, combined with a long distance between

the Soviet Central and North Korea, caused long delays in arrival of goods and technical support at North Korea to the extent that Kim Il-sung got strongly discontent.

Kim II-sung stressed the importance in growth of the military industry since the early period in office, as illustrated in the project for expanding the former Japanese arsenal in Pyongyang from 1949.⁷⁷ The Songjin Iron Works above, originating in the Joshin Factory of the Japan High-frequency Heavy Industry under Japanese rule, was the only plant producing special steel used for fire arms in North Korea. Therefore, Kim gave it a high priority in the reconstruction of North Korean economy after the Korean War.

For Kim, Japan had marked advantages over other countries when he would draw foreign economic assistance to push for the military-industrial development. First, many engineers who had worked in North Korea before the war lived there. They were most knowledgeable about the equipment and technology in the North Korean industry. Second, the Japanese economy grew fast since the Korean War, which was a boon for Japanese industry because of suddenly increased procurements of the US military in Japan. In this process the introduction of Western technology proceeded across-the-board. Consequently, state-of-art technologies could be transferred to North Korea through Japan. Third, Japan adopted a system of competitive market economy. The biggest advantage of it from the viewpoint of Kim was precise implementation of contracts and assurance of quality of products, which firms in his own and allied nations lacked. Fourth, the very short distance between the two countries should reduce transportation costs substantially. Fifth, similarities in culture, language and institution would make product arrangements and learning of technology easier. For instance, since the frequency employed in North Korea differed from that in the Soviet Union, Soviet motors were unfit in North Korea. However, this inconvenience did not occur when Japanese motors were used because the same frequency was applied between North Korea and western Japan. 78

Thus, Kim had a good economic reason for approaching Japan. Smuggling had to be replaced by licit trade and trade be expanded as rapidly as possible. But in the earlier period, Kim had little power in the international scene to act independently. Opening trade with Japan was a common objective for the Soviet Union and China as well as North Korea. The peace offensive by the Soviet Union served this objective. Kim Il-sung was not a major player in it and his approaching Japan took place only within the Soviet grand strategy toward the West, as is suggested by the fact that the visits of the Japanese leftists to Pyongyang were connected with their journeys b the Soviet Union and China.

Since the late 1950s, Kim strengthened his own maneuverability in this sphere. This arose from, first, the sharp division of the International Communist Movement due to the

Sino-Soviet Split, second, his succeeding in purging political opponents at home and, third, the forming of Ch'ongryon and its increased activities in Japan. The significance of the last factor is especially noteworthy. Since its start in 1955, Ch'ongryon functioned as the North Korean intelligence agency in Japan, implementing various overt and covert actions upon Japanese politicians, propaganda, sabotage, espionage and others, as directed by the North Korean government. Among others, procuring the industrial products in Japan and shipping them to North Korea became an important function for it from the 1960s on. The North Korean missile and nuclear developments could not have proceeded without the contribution of Ch'ongryon. This issue needs another discussion elsewhere.⁷⁹

List of Abbreviations

APIT Association for Promoting International Trade

Ch'ongryon General Federation of Korean Residents in Japan (Jae Ilbon Joseon-in Ch'ong Ryeon-hoe, in Korean)

DPRK Democratic People's Republic of Korea

JCP Japan Communist Party

JKA Japan-Korea Association (Nitcho Kyokai, in Japanese)

JNTA Japanese-Korean Trade Association (Nitcho Boeki-kai, in Japanese)

JSP Japan Socialist Party

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Notes

¹ For more detail, see Kimura and Abe, *Kita-chosen no Gunji Kogyoka*.

² Kim, Hakjun, Shirare-zaru Kita-chosen-shi, 112-3.

³ Morita, Chosen Shusei no Kiroku, 766.

⁴ Ibid., 805.

⁵ Kobe Zeikan, Kobe Zeikan Hyakunen-shi, 220.

⁶ Ibid

⁷ The Soviet occupation force established another joint company, Mortrans (Ocean Transport), with the North Korean administration in 1947, for maritime transport between North Korea and other regions in Asia such as the Soviet Union, China and Hong Kong. Russian Foreign Ministry Archive, fond 0102, opis 5, delo 32, papka 13, listy 3-8.

⁸ Up to August 1946, the North Korean Branch of Korea Communist Party and thereafter, North Korea Workers Party.

⁹ Tsuboi, Zainichi Doho no Ugoki, 69-70.

¹⁰ For a general account in English, see Lee and De Vos, *Koreans in Japan*, 58-90.

Miyazaki, Futei-mono, 288; Jeong, "Puroretaria Kokusai-shugi," 33.

¹² Choho Jiken Kenkyukai, Sengo no Supai Jiken, 48-9.

¹³ Ibid., 50-1.

¹⁴ Jitsugyo no Sekai-sha, Chosen Mondai Chishiki, 375.

¹⁵ For useful summary data, see Sutton, Western Technology, 5-10.

¹⁶ Adler-Karlsson, Western Economic Warfare, 22.

¹⁷ Ibid., 25.

¹⁸ Mastanduno, *Economic Containment*, 69-70.

¹⁹ Adler-Karlsson, Western Economic Warfare, 55.

²⁰ Ibid.

²¹ Ibid., 167.

²² Shulman, 99-103, 154.

²³ Murakami, *Sekai Heiwa Undo-shi*, 11-2; Hirano Gitaro Hito to Gakumon, *Hirano Gitaro*, 334; Maruyama, *Ohyama Ikuo*, 260.

²⁴Kataoka, Koan Chosa, 183.

²⁵ Kora, *Kokusai Keizai Kaigi*, 14.

²⁶ Ibid., 18-9; *The Times*, 4 April 1952.

²⁷ Nihon Keizai Shimbun, 28 January 1952; Toyo Keizai Shimpo, no. 2509 (1952): 32.

²⁸ Nihon Keizai Shimbun, 30 January 1952.

²⁹ Ibid., 31 January 1952.

³⁰ Kora, Watashi wa Mitekita, 2-31.

³¹ Kora, Kokusai Keizai Kaigi, 103-5.

³² Ibid., 95-6.

³³ Ibid., 20-1. These contracts, however, did not in practice increase Soviet trade with the West significantly. Shulman, *Stalin's Foreign Policy*, 187.

³⁴ Hiraoka, *Nitchu Boeki-ron*, 160.

³⁵ Nitchu Yuko Kyokai, *Nitchu Yuko Undo*, 70-1.

³⁶ Kim Il-sung, vol. 8, 151-4.

³⁷ Chosen Boeki Kyokai, *Chosen Boeki Yoran*, 52, 741.

³⁸ Unrelated to Ohyama's party before the war with the same name.

³⁹ Nitcho Boeki-kai, *Nitcho Boeki 25 nen-shi*, 1.

⁴⁰ Sae Choson, April 1955 (Bak, Zainiti Chosen-jin Kankei, 125).

⁴¹ Asahi Shimbun, evening edition, 25 February 1955

⁴² Hatanaka, *Nitcho Kyokai*, 3-4.

⁴³ Hatanaka, *Heiwa no Ronri*, 268-70.

- Asahi Shimbun, 28 May 1955.
- Nihon to Chosen, no. 40, 20 September 1956.
- ⁴⁶ Matsumoto, Sengo Nihon Kakumei, 229.
- ⁴⁷ Kaiho Shimbun, 22 March 1955 (Bak, Kaiho-go no Zainichi, 674).
- ⁴⁸ Oshikawa, Sengo Nitchu Boeki, 145-8, 197.
- Kaiho Shimbun, 22 March 1955.
- ⁵⁰ Asahi Shimbun, 7 June 1955.
- ⁵¹ Nihon Keizai Shimbun, 6 September 1955.
- ⁵² Oshikawa, Sengo Nitchu Boeki, 41.
- 53 Shiso Undo Kenkyusho, Nihon Kyosanto, 210, 218.
- ⁵⁴ Asahi Shimbun, evening edition, 20 October 1955.
- ⁵⁵ Nihon Keizai Shimbun, 21 October 1955.
- ⁵⁶ Kiiri, *Nisso Boeki*, 35.
- A notable example of this is Shoji Shii. Shii was a staff officer at the intelligence section in the Kwantong Army before the war. After the war he was taken to a Soviet camp. There, he was visited by a Soviet officer from the Interior Ministry in Moscow. While receiving the examination, he agreed that he would serve the Soviet Union upon returning home because he held strong anti-American feeling. He returned to Japan in 1948 and worked at the head office of the American occupation force, GHQ (General Headquarters). In 1954 he turned himself in the Japanese police and was arrested. The present chairman of JCP, Kazuo Shii is a nephew of Shoji Shii. See Kyodo Tsushin-sha, Chinmoku no Fairu, 230-7.
- Nihon Keizai Shimbun, 24 October 1955.
- ⁵⁹ Asahi Shimbun, 26 October 1955.
- 60 Murakami, Watashi ga kakawatta, 6.
- ⁶¹ Nihon to Chosen, no. 33, 5 March 1956.
- 62 Murakami, Watashi ga kakawatta, 6.
- ⁶³ Nitcho Boeki-kai, Nitcho Boeki 25 nen-shi, 3.
- ⁶⁴ Yomiuri Shimbun, 22 November 1956.
- Kim Il-sung, vol. 10, 342-8.
- ⁶⁶ Nitcho Boeki-kai, Nitcho Boeki no Tebiki, 21.
- ⁶⁷ For more detail, see Nitchu Boeki Isshi, *Dokyumento*, 63-70.
- ⁶⁸ Nitcho Boeki-kai, Nitcho Boeki no Tebiki, 23.
- ⁶⁹ Kim Il-sung, vol. 13, 18-21.
- ⁷⁰ Nihon Keizai Shimbun, 10 February 1959.
- ⁷¹ Okada, *Chosen Minshushugi*, 141-5.
- ⁷² Nihon Keizai Shimbun, 10 May 1959.
- ⁷³ Nitcho Boeki-kai, *Nitcho Boeki no Tebiki*, 30.
- ⁷⁴ Kim Il-sung, vol. 13, 266.
- ⁷⁵ Russian National Archive of Economy, fond 8202, opis 4, Ed. khr. 746 (*Dokumenty o* Sovetsko-Korejskom Ekonomitseskom Sotrudnitsestve, vol. II, 47).

 Russian National Archive of Economy, fond 8593, opis 2, Ed. khr. 2166 (ibid., vol. IV,
- Kimura and Abe, "Kita-chosen Heiki-sho," 53.
- ⁷⁸ This is hinted in the following literature in North Korea. Chosen Minshushugi Jinmin, Chosen Jinmin, 285.
- For more on this subject, see Kimura and Abe, Sengo Nitcho Kankei, chap. 6.